



**The Kingdom of Bahrain Value
Added Tax (VAT) Law**

Unofficial English translation

October 2018

Introduction

This document is an English version of The Kingdom of Bahrain Arabic Value Added Tax (VAT) Law which was published on the official website at 7 October 2018.

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You cannot rely on this document to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication.

Value Added Tax Law

Chapter One

Preliminary Provisions

Article (1)

Definitions

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

1- The Kingdom: the territory of the Kingdom of Bahrain including its land and subsoil thereof, 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- Minister: Minister of Finance.

3- Authority: National Authority for GCC taxes established under Decree No. 45 of 2018.

4- The Council: Gulf Cooperation Council.

5- Agreement: the Common VAT Agreement of the States of the GCC ratified by Decree-Law No. (47) Of 2018.

6- Common Customs Law: Decree Law No. (10) of 2002 adopting Common Customs Law for GCC States.

7- First Point of Entry: First customs point of entry through which Goods enter the GCC Territory from abroad in accordance with the Common Customs Law.

8- Final Destination Point of Entry: Customs point of entry through which Goods enter the Final Destination State within the GCC Territory.

9- Tax: Value Added Tax (VAT) imposed on the import and supply of Goods and Services at each stage of production and distribution, including Deemed Supplies.

10- Deemed supply: transactions that are considered a supply of Goods or Services accordance with the cases provided for in this Law.

11- Supply: Any form of supply of Goods or Services for Consideration in accordance with the cases provided for in this Law.

12- Implementing States: The GCC States that are implementing VAT pursuant to their domestic legislations.

13- Person: Any natural or legal person, whether public or private, or any other form of partnership.

14- Taxable Person: A Person that conducts an Economic Activity independently for the purpose of generating income, who is registered or obligated to register for VAT in accordance with the provisions of this Law.

15- Taxable Trader: A Taxable Person in any Implementing State whose main 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, or service activities or any use of material or immaterial property and any other similar activity.

17- Goods: All types of material property (material 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 into the Kingdom from outside the territories of the Implementing States in accordance with the provisions of the Common Customs Law.

- 19- Export of Goods:** Supply of Goods from the Kingdom to outside of the territories of the Implementing States in accordance with the provisions of the Common Customs Law.
- 20- Services:** everything that is not considered Goods, whether domestic or imported.
- 21- Taxable Supplies:** Supplies on which Tax is charged, whether at the standard rate or zero-rate, and for which associated Input Tax is deducted in accordance with the provisions of this Law
- 22- Input Tax:** Tax borne by a Taxable Person in relation to Goods or Services supplied to him or imported for the purpose of carrying on the Economic Activity
- 23- Exempted Supplies:** Supplies on which no Tax is charged and for which associated Input Tax is not deducted pursuant to the provisions of this Law
- 24- Registration Number:** a unique Tax Identification Number issued by the Authority for each Person registered for Tax purposes.
- 25- Tax Group:** Two or more Person registered for Tax purposes 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 client or a third party for the supply of Goods or Services, including Tax.
- 27- Importer:** the Person whose name is listed in Customs records as the importer of the Goods in accordance with the provisions of the Common Customs Law.
- 28- Supplier:** the Person who supplies Goods or Services.
- 29- Customer:** the Person who receives Goods or Services.
- 30- Resident Person:** a Person who has a Place of Residence in the Kingdom.
- 31- Non-resident Person:** a 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 or any other type of Fixed Establishment. In the case of a natural Person, if he does not have a Place of Business or Fixed Establishment, it will be his usual place of residence. If a Person has a Place of Residence in more than one State, the Place of Residence will be considered to be in the place most closely connected with the Supply.
- 33- Place of Business:** the place where a business is legally established or where its actual management center is located where key business decisions are made if different from the place of establishment.
- 34- Fixed Establishment:** any fixed location for a business other than the Place of Business, in which the business is carried out and is distinguished by the permanent presence of human and technical resources in such a way as to enable the Person to supply or receive Goods or Services.
- 35- Capital Assets:** material and immaterial assets that form part of a business's assets allocated for long-term use as a business instrument or means of investment.
- 36- Reverse Charge:** a mechanism by which the Taxable Customer is obligated to pay the Tax due on behalf of the Supplier and is liable for all the obligations provided for in this Law.
- 37- Related Persons:** two or more persons where one of them has supervisory or directive control over the others in such a way that he has administrative power that enables him to influence the business of the other Persons from a financial, economic or regulatory aspect. This includes Persons who are subject to the authority of a third Person that enables him to control their businesses from the financial, economic or regulatory aspect.
- 38- Deductible Tax:** Input Tax that may be deducted from Tax Due on supplies for each Tax Period in accordance with the provisions of this Law.
- 39- Net Tax:** Tax resulting from deducting the Deductible Tax in the Kingdom from the Tax due in the Kingdom within the same Tax Period. Net Tax may be either payable or refundable.
- 40- Mandatory Registration Threshold:** the minimum limit of the value of actual supplies at which the Taxable Person becomes obligated to register for Tax purposes.
- 41- Voluntary Registration Threshold:** the minimum limit of the value of actual supplies at which the Taxable Person may apply to Register for Tax purposes.

42- Tax Return: data and information specified for Tax purposes, which the Taxable Person must declare according to a form prepared for this purpose by the Authority.

43- Tax Period: the period of time for which the Net Tax must be accounted and the return must be submitted.

44- Tax Invoice: a written or electronic document, which the Taxable Person must issue, in which the details of a Supply is recorded in accordance with the provisions of this Law.

45- Tax Credit/Debit Note: a written or electronic document, which the Taxable Person must issue when making any amendment to the Consideration of a Supply in accordance with the provisions of this Law.

46- Vouchers: any written or electronic instrument that gives the bearer the right to receive Goods or Services against the value stated thereon, or the right to receive a discount on the price of those Goods or Services. Vouchers do not include postage stamps issued by the Kingdom's Post.

47- Market Value: the amount at which Goods or Services can be dealt in in an open market between two independent parties under competitive conditions, exclusive of Tax.

48- Government Entities: ministries, government authorities, and public bodies and institutions in the Kingdom.

49- Inter-GCC Supplies: Supplies made by a Supplier who resides in the Kingdom to a Customer who resides in another Implementing State, or vice versa.

50- Sovereign Supplies: Supplies conducted by Government Entities in their sole competent capacity, with or without Consideration.

51- Tax Representative: a Person licensed by the Authority to represent the Non-Resident Taxable Person in all that relates to his Tax obligations and rights.

52- Tax Agent: a Person licensed by the Authority to act on behalf of the Resident Taxable Person in all that relates to his Tax obligations and rights.

53- Regulations: the Implementing Regulations of this Law.

Chapter Two The Scope and Rate of Tax

Article (2) Scope of Tax

VAT shall be imposed on Taxable Supplies made by a Taxable Person in the Kingdom. It shall also be imposed on the Goods and Services received by a Taxable Customer in the Kingdom in instances where the Reverse Charge Mechanism applies, and on the Importation of Goods, all of that is in accordance with the provisions of this Law.

Article (3) Tax Rate

Tax shall be applied at the standard rate of 5% of the value of the Supply or the value of Imports, unless this Law provides for an exemption or the zero rate on such supplies. The published prices in the local market for Goods and Services must include the value of Due Tax, in accordance with the rules and conditions determined by the Regulations.

Article (4)

Persons who are obligated to pay tax

Tax shall be payable by:

- 1- A Taxable Person that makes supplies of Goods and Services in the Kingdom.
- 2- A Taxable Customer who receives Goods or Services in the Kingdom from a Non-resident Supplier, in accordance with the Reverse Charge Mechanism, by reporting the same on his Tax (VAT) Return.
- 3- Any Person appointed or acknowledged as an importer in accordance with the provisions of the Common Customs Law shall be obligated to pay Tax due on Imports.
- 4- Any Person that states a Tax amount on an invoice issued by him in the Kingdom.

The Regulations shall determine the rules and procedures for the implementation of this article.

Chapter three Supply

Article (5) Supply of Goods

- A. The transfer of ownership of Goods or the right to dispose of the same is a Supply of such Goods, including the following instances:
- 1- Surrender of Goods under a contract or an agreement that provides for the transfer of these Goods or the possibility of transferring the same at a subsequent date to the date of the contract or the agreement that shall be no later than the date on which the Consideration is paid in full.
 - 2- Granting rights in rem deriving from ownership giving the right to use the property.
 - 3- Compulsory transfer of ownership of the Goods for Consideration, in implementation of a decision issued by the public authorities or by virtue to any applicable law in the Kingdom.
 - 4- Where a Taxable Person transports Goods forming part of his assets, from the Kingdom to another Implementing State, except in the following cases:
 - a) Where it is established that the transported Goods will be used temporarily in the other Implementing State under the conditions of the temporary entry provided by the Common Customs Law.
 - b) Where the transportation of Goods is done as part of another Taxable Supply chain in the other Implementing State.
- B. The Regulations shall determine the rules and procedures for the implementation of the provisions of this article, including the provisions regulating supplies consisting of multiple components for one price, whether these components are Goods or Services or both.

Article (6) Supply of Services

As specified in the Regulations, any Supply that does not constitute a Supply of Goods shall be considered a Supply of Services.

Article (7)

Issue of Vouchers

The sale or issuance of any voucher shall not be considered a supply unless the received Consideration for such sale or issuance exceeds its advertised face value. The Supply of Goods and Services provided for Vouchers shall be subject to the terms and conditions specified in the Regulations.

Article (8)

Supply on behalf of other person

Where a Taxable Person supplies or receives Goods or Services in his name and on behalf of another person, the Taxable Person shall be deemed, for the purposes of implementing this law, to have supplied or received these Goods or Services by himself.

Where a Taxable Person supplies Goods or Services in the name of and for the benefit of another person, the Taxable Person shall be deemed, for the purposes of implementing this law, to have supplied these Goods or Services on behalf of that person.

Article (9)

Supply by Government Entities

Supplies provided by Government Entities shall be subject to Tax where they are conducted in a non-sovereign capacity by practicing an economic activity in accordance with competitive mechanisms with the private sector.

A Decision by the Prime Minister shall be issued determining these Government Entities, their Taxable Supplies, the nature of Tax (VAT) Returns they submit, and their de-registration.

Article (10)

Deemed Supplies

- A. The Taxable Person shall be considered to have made a Supply in the following cases:
- 1- The Use or surrender of Goods which constituted part of his assets for purposes other than Economic Activity;
 - 2- Changing the use of Goods to be used for non-taxable supplies;
 - 3- Retaining Goods that he owns on the date of his deregistration after ceasing to carry on an Economic Activity.
 - 4- Supplying Goods without Consideration, unless the Supply is in the course of an Economic Activity, such as samples and gifts within the amount specified by the Regulation.
 - 5- Supplying of Services without Consideration.
- B. The provisions of clause (a) of this article shall apply if the Taxable Person has already deducted Input Tax related to the Goods and Services referred to.
- C. The Regulations shall set forth the detailed provisions regulating the Deemed Supply.

Article (11)
Surrender of the Economic Activity
(Transfer of a Going Concern)

Where a Taxable Person assigns his business to the assignee who is a Taxable Person in the Kingdom, such assignment shall not be considered a Supply -for the purposes of implementing this law - whether or not for Consideration.

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

Chapter Four
Tax Due Date

Article (12)
Date of Tax Due on the Supply of Goods and Services in general

- A. Tax becomes due on the date of the Supply of Goods or Services, or on the date of issuance of the Tax Invoice, or upon partial or full receipt of the Consideration to the extent of the received amount, whichever comes first.
- B. The date of the Supply of Goods or Services on which Tax becomes due shall be as follows:
 - 1- The date on which transportation of Goods began, if such transfer was under the supervision of the Supplier.
 - 2- The date on which Goods were placed at the Customer's disposal, if the transfer was not supervised by the Supplier.
 - 3- Where Goods are supplied with assembly and installation, the date on which the assembly or installation of the Goods was completed.
 - 4- The date on which the provision of Services was completed.

Article (13)
Date of Tax Due on the Supply of Goods and Services in Special Cases

- A. The date of the Supply of Goods or Services for any contract that includes periodic payments or consecutive invoices shall be the earliest of any of the following dates, provided that it does not exceed twelve months from the date on which the Supply of Goods or Services began:
 - 1- The date of issuance of any Tax Invoice or a similar Document.
 - 2- The date payment is due as shown on the Tax Invoice.
 - 3- The date of receipt of payment.
- B. The date of Supply in cases where payment is made through vending machines shall be the date on which funds are collected from the machine.
- C. The date of Deemed Supply of Goods or Services shall be the date of their supply, surrender, disposal, and change of usage or the date of Deregistration, as the case may be as determined by the Regulations.
- D. The date on which customs fees become due, or the date on which they would have been due in accordance with the provisions of the Common Customs Law.
- E. The date of a supply of a voucher shall be the date of issuance or the date of supply thereafter.

Chapter Five
Place of Supply

Article (14)

Place of Supply of Goods

- A. The place of supply shall be in the Kingdom in the following cases:
- 1- If Goods are placed at the Customer's disposal in the Kingdom, for a Supply provided without transportation or dispatch.
 - 2- If Goods are located in the Kingdom when transportation or dispatch began, for a supply provided with transportation or dispatch, whether such transportation or dispatch occurred by the Supplier or for the Customer's account.
 - 3- If the installation or assembly of goods supplied was done in the Kingdom.
- B. Intra-GCC supplies of Goods:
- 1- The place of an Intra-GCC Supply of Goods shall be in the Kingdom if the transportation or dispatch of Goods terminates in the Kingdom, if the Customer is a Taxable Person in the Kingdom, or if the Supplier is registered or required to Register therein.
 - 2- The place of an Intra-GCC Supply of Goods shall be in the Kingdom if the transportation or dispatch of Goods begins in the Kingdom without installation or assembly, and if the Supplier is registered for VAT purposes in the Kingdom and the Customer is not registered in the Implementing State where transportation or dispatch terminates, provided that the value of supplies made by the Taxable Person to this implementing State shall not exceed the Mandatory Registration Threshold within twelve consecutive months.

Article (15)

Place of Supply of Energy and Water

As an exception to the provisions of Article (14) of this law, the place of supply of gas, oil and water through the pipeline distribution system, and the supply of electricity through electricity generating, transport and distribution networks, shall be determined as following:

- 1- If the supply is made by a Taxable Person having a Place of Residence in the Kingdom to a Taxable Trader having a Place of Residence in an Implementing State, the place of supply shall be in the Place of Residence of the Taxable Trader.
- 2- If the supply is made by a Taxable Person to a Non-Taxable Person, the place of supply shall be in 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 has a Place of Residence therein, provided that the customer is not a Taxable Person who is registered for VAT purposes in an Implementing State, in this case the place of Supply of Services shall be the Place of Residence of the Customer.

Article (17)

Place of Supply of other Services

As an exception to the provisions of Article (16) of this law, the place of the supply of other services shall be determined as follows:

- 1- In the Place of Residence of the Taxable Customer, if the supplier does not have a Place of Residence in the Kingdom.
- 2- In the place where the means of transport are placed at the Customer's disposal, if the supply relates to leasing means of transport leasing services by a Taxable Supplier to a Non-Taxable Customer.
- 3- In the place of where the following Services are actually performed:
 - A) Restaurant, hotels, and food and drink catering services.
 - B) Cultural, artistic, sporting, educational and recreational services.
 - C) Services relating to the Supply of movable goods from a Taxable Supplier having a Place of Residence in the Kingdom to a Non- Taxable Customer having a Place of Residence in an Implementing State.
- 4- In the place where the real estate is located, if the Supply of Services related to real estate, as determined by the Regulation.
- 5- In the place where the transportation of Goods and passengers and related Services begin, if the supply relates to transportation related Services, as determined by the Regulation.

Article (18)

Place of Supply of Wired and Wireless Telecommunication and Electronic Services

The place of the supply of telecommunication and electronic services shall be in the Kingdom, if they are used and utilized in the Kingdom, to the extent of this use and enjoyment, regardless the place of the contract or payment.

The Regulations shall determine the nature and types of wired and wireless communication, and electronic services, and set forth the terms and conditions for the implementation of this Article.

Chapter Six

Importation

Article (19)

Place of Importation

The place of Importation shall be in the Kingdom in the following two cases:

- 1- If the Kingdom is the first Point of Entry into the GCC for the imported goods.
- 2- If the Kingdom is the place where the imported Goods are released from customs duty suspension, when Goods are placed under the customs duty suspension under the provisions of the Common Customs Law immediately upon entry into the GCC Territory.

Chapter Seven
Value of Supply and Importation

Article (20)
Value of Supply

- A. The value of a Supply shall be calculated on the basis of the value of Consideration excluding Tax, including all expenses charged by the Taxable Supplier on the Customer, the fees due as a result of the Supply and all due taxes including Excise Tax, other than VAT.
- B. If all or part of the Consideration is not monetary, the value of the Supply is calculated on the basis of overall monetary part in addition to the fair Market Value of the non-monetary part of the Consideration, including all expenses mentioned in the above paragraph of this Article, excluding the Tax.
- C. Where Tax shall be paid by way of the Reverse Charge Mechanism, the value of that Supply is the purchase price, and in cases where the purchase price cannot be determined, the value of such Supply is the fair Market Value in the date on which the Supply took place.
- D. If the Consideration is related to matters other than the Supply of Goods or Services, the value of the Supply shall be equal to the part of the Consideration related to such Supply.
- E. The Regulations shall specify the provisions and rules regulating the implementation of the provisions of this Article, in addition to identifying rules and conditions to determine the Market Value.

Article (21)
Value of Imported Goods

The value of imported Goods shall be the customs value determined in accordance with the Common Customs Law plus excise tax, customs duty and any other imports apart from VAT.

If it is not possible to determine the value of the import pursuant to the content of the above paragraph of this Article, the value shall be determined based on the rules stated in the Common Customs Law.

Article (22)
The Value of a Supply between Related Persons

As an exception to the provisions of Articles (20) and (21) of this Law, the value of the Supply of Goods or Services between Related Persons shall be calculated on the basis of Market Value if the value of Supply is less than the Market Value and the Customer does not have the right to deduct the full Input Tax.

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

Article (23)
The Value of a Deemed Supply

The value of a Deemed Supply of Goods or Services is calculated based on the purchase value or the actual cost of these Goods or Services.

In cases where the purchase price or the actual cost cannot be determined, then the fair Market Value of the Goods and Services shall apply.

Article (24)

Value of Supply after Discount

The value of the supply shall be reduced by the following amounts:

- 1- Discounts in prices and deductions granted to the Customer;
- 2- The value of subsidies granted to the Supplier by the State;
- 3- Amounts paid by the Taxable Supplier in the name of and to the account of the Customer. In this case, the Taxable Supplier may not deduct Tax paid on these expenses.

The Regulations shall specify the rules and conditions for calculating the Tax when a discount is made.

Article (25)

Value of Supply of Vouchers

The value of Supply of Vouchers is calculated based on 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 Goods are exported temporarily into an Implementing State, or exported for the purpose of completing the manufacturing or repair, the final Taxable Value of these Goods when re-imported into the Kingdom shall be calculated on the basis of the increase in their value according to the provisions of the Common Customs Law.

Article (27)

Value of Supply based on Profit Margin

(Second hand goods scheme)

The Taxable Person may, in any Tax Period, and after the Authority's approval, calculate the value of certain taxable supplies based on the profit margin mechanism and not based on the value of these supplies.

The Regulations shall specify the Goods on which the profit margin mechanism may be applied, and the required rules and conditions for the implementation of this Article.

Article (28)

Adjustment of Value of Supply

The Taxable Person may adjust the value of a Supply upon any of the following cases taking place at a date later than the date of Supply:

- 1- Total or partial cancellation or rejection of a Supply;
- 2- Reduction of the Supply value;
- 3- Total or partial non-collection of the Consideration in accordance with the conditions applicable to bad debts;
- 4- Goods or Services were returned, upon the Supplier's acceptance.

The Taxable Person shall adjust the value of the Supply in the cases where there is a material change or alteration to the nature of the Supply resulting in a change in the Tax charged.

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

Chapter Eight Registration

Article (29)

Mandatory Registration

- A- The Mandatory Registration Threshold shall be as prescribed in paragraph (2) of Article (50) of the Agreement.
- B- The Resident Taxable Person shall be required to register for Tax purposes in the following two cases:
 - 1- Where the total value of all supplies undertaken in the Kingdom by the Taxable Person over the previous twelve month period exceeds the Mandatory Registration Threshold.
 - 2- Where it is anticipated that the total value of all supplies that the Taxable Person will undertake in the Kingdom -at any time- will exceed the Mandatory registration threshold over the next twelve month period.
- C- A Non-Resident Taxable Person shall be required to register in the Kingdom for Tax purposes, regardless of the value of his Supplies, if he is obligated to pay Tax in the Kingdom. Accordingly, registration can be made either directly or through the appointment of a Tax Representative with the consent of the Authority. The Tax Representative shall take the place of the Non-Resident Person in all its rights and obligations provided for in Article (67) of this Law.
- D- The Regulations shall specify the rules, procedures, and conditions required for the implementation of the provisions of this Article.

Article (30)

Tax Group Registration

Two or more Taxable legal Persons who are residing in the Kingdom may apply for registration as a single Tax Group, upon their request, if all of the terms and provisions set forth in by the Regulations are met.

Each member of the Tax Group shall be jointly liable for any Tax obligations of such group during the period when it was a member of the group.

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

Article (31)

Registration of Related Person by the Authority

The Authority may automatically register Related Persons according to the cases, conditions, and circumstances specified in the Regulations.

Article (32)

Registration Exceptions

The Authority may except a Taxable Person from mandatory registration upon his request if all of his Supplies are only subject to the zero rate.

The Taxable Person shall, after the Authority's approval on excepting him from mandatory registration, inform the Authority immediately of any changes to his activities that would make him obligated to register pursuant to the time limits and procedures determined in the Regulations.

In all cases, the Authority shall have the right to collect the value of the Tax and administrative penalties due on the Taxable Person for the period where that Taxable Person was incorrectly excepted from registration.

Article (33)

Voluntary Registration

- A- The Voluntary Registration Threshold shall be the threshold specified in Paragraph (3) of Article (51) of the Agreement.
- B- Any Person who is not obligated to register, in accordance with the provisions of Article (29) of this Law, may apply to register voluntarily for Tax purposes in the following two cases:
 - 1- If he proves, at the end of any given month, that the value of his supplies or his expenses during the previous 12-month period has exceeded the Voluntary Registration Threshold.
 - 2- If, at any time, he anticipates that the value of his supplies or expenses during the next 12-month period will exceed the Voluntary Registration Threshold.
- C- The Regulations shall specify the rules, conditions and procedures required for the implementation of this article.

Article (34)

Deregistration

- A. The Registrant shall apply to the Authority for deregistration in any of the following cases:
 - 1- If he stops conducting his Economic Activity.
 - 2- If he stops making taxable supplies over a period of 12 any consecutive months.
 - 3- If, at the end of any month, the value of the Taxable Supplies made over the previous 12-month period is less than the Voluntary Registration Threshold, and does not anticipate that the value of his supplies or expenses will exceed the Voluntary Registration Threshold over the next 12 month period.
- B. The Registrant may apply to the Authority for deregistration if the total value of the Taxable Supplies made over the previous 12-month period is less than the Mandatory Registration Threshold but exceeds the Voluntary Registration Threshold.
- C. The Regulations shall specify the procedures, controls and conditions for deregistration, and the rules regulating cases of rejection.

Chapter Nine

Tax Period and Tax Return

Article 35

Tax Period

The Regulations shall determine the Tax Period for which the Taxable Person shall calculate and pay tax, providing that it does not exceed 1 month. The commencement date and end date of this period may

vary on a case by case basis, as well as the cases in which the tax period may be changed upward or downward either by the Authority or upon the request of the Taxable Person.

Article 36

Submission of Tax Returns

The Taxable Person shall submit the Tax Return to the Authority for each Tax Period declaring all imports and supplies that he made or received during the Tax Period, in the form prepared by the Authority for this purpose no later than the last day in the month following the end of the relevant Tax Period.

The Taxable Person shall remain obligated to submit the Tax Return, even if he has not made any purchases, imports or supplies during the Tax Period.

If the Taxable Person failed to submit his Tax Return within the period referenced to above in the first paragraph of this article, the Authority shall have the right to estimate the tax for the Tax Period for which the Tax Return was not submitted, provided that the Authority shall determine the grounds for its assessment, without prejudice to the criminal liability of the Taxable Person and administrative penalties set forth in this Law.

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

Article 37

Amending Tax Returns

Subject to the provisions of Article (28) of this Law, if there is any change that requires amending the Tax Return, the Taxable Person shall inform the Authority and make the necessary adjustment in the Return in order to correct it, in accordance with the conditions, controls and procedures determined in the Regulations.

Chapter Ten

Tax invoice

Article 38

Issuance of Tax invoice

The Taxable Person shall issue an original Tax Invoice in the cases where he makes a Supply of Goods and Services including the Deemed supply, or receives full or part of the Consideration prior to the date of supply.

Subject to the provisions of Article (56) (1) of the Treaty, the Regulations shall determine the contents which should be included in the Tax Invoices, conditions and procedures of issuance including the electronic invoices, and the instances where the Taxable Person is not required to issue a Tax invoice, and the instances where other documents may be issued in place of the Tax Invoice in addition to the conditions and information to be included thereof, and the instances where the Customer may issue a Tax Invoice on behalf of the Supplier.

Article (39)

Date of Issuance of Tax Invoice

The Taxable Person shall issue the Tax Invoice by no later than fifteen days from the end of the month in which the Supply took place.

Article (40)

Currency used on Tax Invoice

If the Supply is in a currency other than the Bahraini Dinar, the amount stated in the Tax Invoice should be converted into the Bahraini Dinar.

Conversion shall be based on the exchange rate approved by the Central Bank of Bahrain at the date of Supply.

Article (41)

Amendment of Tax Invoice (Credit/ Debit Note)

- A- The Taxable Person shall adjust the value of the Supply if any of the events included in Article (28) of this Law occurs after the issuance of the Tax Invoice, provided that this adjustment is included in a document correcting the original Tax Invoice according to the following:
 - 1- If the Tax amount included in the original Tax Invoice is higher than the actual value of the Supply, the Taxable Person who made the Supply shall issue a Credit Note to the Customer.
 - 2- If the Tax amount included in the original Tax Invoice is lower than the actual value of the Supply, the Taxable Person who made the Supply shall issue a Debit Note to the Customer.
- B- In all cases, this document will be treated the same as the original Tax Invoice.

Chapter Eleven

Tax Deduction and Adjustment

Article (42)

Input Tax Deduction

- A- The Input Tax that is deductible by a Taxable Person for any Tax Period is the total of Input Tax paid or due on Goods and Services supplied to or imported by that Taxable Person for the purposes of making the following:
 - 1- Taxable Supplies.
 - 2- Supplies that are made outside the Kingdom which would have been Taxable Supplies had they been made in the Kingdom.
- B- Tax paid on Importation in another Implementing State which is the First Point of Entry of the Goods into the GCC shall be deductible if the Kingdom is the Final Point of Entry.
- C- Without prejudice to clause (a) of this Article, Input Tax incurred in the following instances shall not be deductible:
 - 1- If paid on Goods and Services designated for non-business purposes.
 - 2- If paid on Goods that are prohibited in the Kingdom.
 - 3- If paid on Imports or supplies that are exempt from Tax in the Kingdom.
- D- The Regulations shall determine other instances where Input Tax is not deductible in addition to the terms, conditions and controls regulating the implementation of this Article.

Article (43)

Input Tax Deduction Terms

In order to deduct Input Tax in any Tax Period, the Taxable Person should have received and retained the Tax Invoice or customs documents proving that he is the importer of the Goods related to the Supply or Importation on which the Input Tax is due.

Article (44)

Deduction of Input Tax paid before Registration Date

The Taxable Person may deduct Input Tax incurred on Goods and Services supplied to or imported by him prior to the Registration Date on the Tax Return of the first Tax Period following Registration if the following conditions are met:

- 1- Goods or Services are received for the purpose of making Taxable Supplies.
- 2- Goods were not supplied prior to the Date of Registration.
- 3- Capital Assets were not fully depreciated before the Registration Date.
- 4- Services were received within a period not exceeding six months prior to the Registration Date.
- 5- Goods and Services were not subject to any restriction related to the right to make a deduction as stipulated in the Agreement and this Law.

Article (45)

Proportional Deduction of Input Tax

In the cases where Input Tax is attributed to Goods and Services used to make Taxable Supplies and non-Taxable Supplies, Input Tax can only be deducted to the extent of the portion related to the Taxable Supplies.

The Regulations shall determine methods to calculate the deduction rate and other terms and controls for the implementation of the provisions of this Article.

Article (46)

Adjustment of Deductible Input Tax

- A- The Taxable Person shall adjust the Input Tax previously deducted on import or the receipt of Goods or Services supplied to him if the value of deduction is higher or lower than the value of Input Tax allowed to be deducted in the following cases:
- 1- Where the Supply is cancelled or rejected.
 - 2- Where the value of Supply was reduced at a later date to the date of Supply.
 - 3- Where the Consideration of the Supply is not paid fully or partially according to the terms of bad debts.
 - 4- Where the use of Capital Assets was changed.
- B- The Taxable Person is not obligated to adjust the Input Tax in any of two cases:
- 1- Where it is established that Goods imported or supplied to the Taxable Person were lost, damaged or stolen, according to the terms and controls determined by the Regulations.
 - 2- The Goods imported or supplied to the Taxable Person are used as samples or gifts of trivial value according to item (4) of clause (a) in Article (10) of this Law.

Article (47)

Input Tax on Capital Assets

Input Tax on Capital Assets shall be deducted based on the net book value of these assets as on the Date of Registration.

The Regulations shall determine the Input Tax deduction and adjustment mechanism for Capital Assets and the retention periods for keeping Capital Asset's books and records.

Article (48)

Settlement of Due Tax

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

- 1- The occurrence of one of the instances stipulated in Article (28) of this Law that resulting in the amendment of the value of Supply.
- 2- If Tax was charged in error.

The Regulations shall determine the terms and controls for the adjustment of Tax.

Article (49)

Authority's Assessment of Net Tax

The Authority may, in all cases, estimate the amount of the Due Tax if it is proved that Tax is incorrectly calculated by the Taxable Person. Such assessment shall be based on serious evidence from documents and data available to the Authority.

The Regulations shall determine the provisions, rules and procedures for the implementation of this Article.

Chapter Twelve

Tax Payment

Article (50)

Payment of Tax due on Supply

The Taxable Person shall pay the amount of Tax to the Authority with his Tax Return pursuant to the rules and procedures determined by the Regulations.

Article (51)

Payment of Due Tax upon Importation

- A- The Importer shall pay Tax due on Import if the Kingdom is the First Point of Entry, according to this Law, to the Customs Affairs at the Ministry of Interior pursuant to the procedures, systems and conditions determined by the Authority.
- B- As an exception to clause (a) of this Article, the Authority may allow the Taxable Importer to defer the payment of Tax due on Goods imported for the purposes of an Economic Activity. In this instance, the Taxable Importer shall declare the deferred payment in his Tax Return. In accordance with the provisions of this Law, the declared deferred due Tax shall be deductible.

C- The Regulations shall determine the provisions, rules and procedures required to implement the provisions of this Article.

Article (52)

Suspension of Tax

Tax shall be suspended on import if the imported Goods are placed in a customs duty suspension, according to the conditions and controls stipulated in the Common Customs Law.

In such case, the Taxable Importer shall provide a financial guarantee to cover the value of Tax calculated according to the rules and controls determined by the Regulation.

Chapter Thirteen

VAT at Zero Rate

Article (53)

Goods and Services that are subject to Zero Rate

The Zero Rate shall apply to the following transactions:

- 1- Export Goods to outside the territories of Implementing States.
- 2- The Supply of Goods to a customs duty suspension regime in accordance with the Unified Customs Law, and the Supply of such Goods whilst under customs duty suspension.
- 3- Transportation Services of passengers and Goods which starts or ends in the Kingdom or passes through its territory, including transport-related services and supply of means of transport.
- 4- Supply of preventative and basic healthcare services and related Goods and Services.
- 5- Supply or Import of medicines and medical equipment in coordination with the concerned medical authorities in the Kingdom.
- 6- Re-export of moved Goods that were temporarily imported into the Kingdom for repair, maintenance, conversion, or processing and additional services pertaining to the same.
- 7- Supply of Services from a Taxable Supplier residing in the Kingdom to a Customer who does not have a Place of Residence in an Implementing States, who will use and enjoy the Service outside the territory of the Implementing States pursuant to the Article (17) of this Law.
- 8- Supply or Import of investment gold, silver and platinum, if it is not less than (99%) pure and tradable on the Global Bullion Exchange, based on a certificate issued by the entity concerned with examining minerals and precious stones in the Kingdom.
- 9- The first supply after the extraction of gold, silver and platinum for commerce purposes.
- 10- Supply and Import of pearls and precious stones after obtaining a certificate issued by the entity concerned with examining pearls and precious stones to determine their nature.
- 11- Newly constructed buildings.
- 12- Supply of educational Services and related Goods and Services for nurseries, pre-school, elementary, secondary and higher education.
- 13- Local transportation sector.
- 14- Oil, oil derivatives and gas sector.
- 15- Supply and Import of food items referred to in clause (First) of Article (31) of the Agreement.

The Regulations shall determine the conditions, controls and procedures required to implement the provisions of this Article.

Chapter Fourteen Exemptions

Article (54)

Supply of Financial Services

Supplies of financial services that are specified in the Regulations shall be exempted from Tax, excluding services that are conducted for an explicit fee, commission or discount.

The Regulations shall determine the rules and conditions required to implement this Article.

Article (55)

Supply of Bare Lands and Buildings

The Supply of bare lands and buildings in the way of sale or lease shall be exempted from Tax. The Regulations shall determine the rules and conditions required to implement this Article.

Article (56)

Exemptions on Import

The following shall be exempted from Tax:

- 1- Import of Goods, if the Supply of these Goods in the final destination state is exempted from Tax or subject to Tax at zero-rate.
- 2- Importation of the following Goods that are exempted from customs duty according to the conditions and controls stipulated in the Common Customs Law:
 - a- Diplomatic exemptions;
 - b- Military exemptions;
 - c- Imports of personal luggage and used household appliances which are brought by citizens residing abroad and foreigners who are coming to reside in the Kingdom for the first time.
 - d- Imports of returned Goods.
- 3- Personal luggage and gifts accompanied with travelers.
- 4- Requisites for people with special needs.

The Regulations shall determine the rules and conditions required to implement this Article.

Chapter Fifteen Tax Refunds and Deferral of Excess

Article (57)

Tax Refund

A- Without prejudice to the provisions of Articles (65) to (69) of the Agreement, the Authority may refund Tax paid for any Supply or Import made by any of the following:

- 1- A Taxable Person who paid VAT in excess.
- 2- Foreign governments, international organizations and diplomatic and military bodies and missions for Goods and Services supplied inside the Kingdom.
- 3- A Taxable Person who is registered for VAT in the Kingdom with respect to the Tax paid by him in another Implementing State for the purpose of conducting his Economic Activity.
- 4- Tourists.

The Regulations shall determine the rules and conditions required to implement this Article.

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

Article (58)

Carrying forward the Excess of Refundable Tax

The Taxable Person may request the Authority to carry forward the net excess refundable tax to the subsequent Tax Periods.

The Authority may offset such net excess tax against any Payable Tax or Administrative Penalties by the Taxable Person under this Law or any other tax law in the subsequent Tax Periods until such excess is fully utilized.

The Regulations shall determine the rules and conditions required to implement this Article.

Chapter Sixteen Judicial Control

Article (59)

Powers of Judicial Officers

Officers who are appointed by a decision from the Minister concerned with justice affairs in agreement with the Minister, shall have the capacity of judicial officers in the implementation of the provisions of this Law and its implementing decisions with regard to crimes committed within their respective jurisdictions and pertaining to their duties. To that end, they may inspect plants, factories, warehouses, shops, establishments and the like that conduct an activity pertaining to the Supply or Import of Taxable Goods or Services, and also to close them on a precautionary basis, to make a record of violations and to prepare the necessary reports. If the premises is a property built to be used for accommodation, a permission must be obtained from the Public Prosecutor.

The assistance of public enforcement officers may be elicited in inspections.

Chapter Seventeen Administrative Penalties

Article (60)

Imposing Administrative Penalties

- A- With the exception of instances of tax evasion stipulated in Article (63) of this Law, an administrative penalty shall be imposed on any Person commits any of the following acts:
- 1- Failure of the Taxable Person to submit the Tax Returns or pay Tax with the timeframe up to a maximum of 60 days. In this case, the penalty shall be as a percentage not less than (5%) nor more than (25%) of the Tax that should have been paid or in respect of which the return should have been filed.
 - 2- Failure of the Taxable Person to apply for registration within sixty days from the end of the allotted timeframe stipulated in this Law or the date on which he reached the Mandatory Registration Threshold. In this case, the penalty shall be no more than ten thousand dinars.
 - 3- Submitting false information about his Importation or Supply of Goods and Services if their value is higher than the he declared. In this case, the penalty shall be no less than (2.5%) nor

more than (5%) of the unpaid amount Tax for each month or a part thereof for which Tax was not paid.

- B- Without prejudice to any more severe penalty under any other Law, an administrative penalty of no more than five thousand dinars shall be imposed on any person committing any of the following:
- 1- Prohibiting or hindering employees of the Authority or those responsible for implementing this Law and its implementing decisions from performing their duties or exercising their competence to monitor, inspect, investigate, review and request documents or view the same.
 - 2- Failure by the Taxable Person to notify the Authority of any changes to the details and information included in the Registration application or Tax Return within the timeframes.
 - 3- Failure by the Taxable Person to display prices of Goods or Services inclusive of Tax according to Article (3) of this Law.
 - 4- Failure by the Taxable Person to provide data or information requested by the Authority.
 - 5- Failure by the Taxable Person to comply with the conditions and procedures related to the issuance of the Tax Invoice.
 - 6- Committing violation of any other provision of the Law or Regulations.
- C- The imposition of administrative penalties stipulated in this Article, shall not preclude the obligation to collect the Due Tax.

Article (61)

Decision to Impose the Administrative Penalty

Administrative penalties should be imposed pursuant to a decision issued by the Minister or his delegate who is appointed for that purpose, including the value of due Tax. The decision may also include a clause that orders the publication of its operative part at the violator's expense in a local gazette or any other appropriate means of publication based on the type of violation, its gravity and impact, and after this decision becomes final.

A decision issued to impose the administrative penalty is considered an enforceable instrument eligible for forced implementation under the Civil and Commercial Procedures Law promulgated by Law Decree No. (12) Of 1971.

Article (62)

Challenging and Appealing the Administrative Penalty Decision

A Person against whom an administrative penalty decision is issued may challenge it before the Tax Complaints and Appeals Review Committee stipulated in Article (66) of this Law within the same periods and according to the same rules and procedures for reviewing Tax Appeals before that Committee. The Committee will issue its recommendation regarding the appeal within thirty days from the date of submission and will refer the same to the Minister or his delegate, provided the Minister or his delegate issues a decision approving, amending or cancelling such recommendation within fifteen days from the date of receipt.

The appellant shall be notified of the final decision related to his petition in the legal designated manner. Lapse of the said periods without notification to the petitioner of the result of the petition is considered to be a rejection of the petition.

The concerned party may appeal the decision of rejection before the concerned court within sixty days from the date of notification of the rejection or the date on which the petition was considered rejected.

Chapter Eighteen Tax Evasion

Article (63)

Instances of Tax Evasion

In the implementation of this Law, the following acts are considered a Tax evasion:

- 1- Failure by the Taxable Person to apply for registration within sixty days from the end of the allotted timeframe stipulated in paragraph (2) of clause (a) of Article (60) in this Law.
- 2- Failure by the Taxable Person to submit the Tax Return or pay the Tax due on Imports or supplies of Taxable Goods or Services within sixty days from the end of the allotted timeframe stipulated in paragraph (1) of clause (a) of Article (60) of this Law.
- 3- Deduction of Input Tax and adjustment of due tax based on such deduction wrongfully, violating the Input Tax deduction rules stipulated under the provisions of this Law.
- 4- Recovery of all or part of the Tax wrongfully and knowingly.
- 5- Providing false documents, records or invoices deliberately to evade the payment of all or part of the Tax due.
- 6- Failure by the Taxable Person to issue Tax Invoices against Taxable Supplies or Imports of Goods or Services made by the Taxable Person in violation of this Law.
- 7- Issuance of Tax Invoices including Tax related to non-Taxable Supplies.
- 8- Failure to maintain records, Tax Invoices and accounting books related to Imports or Supplies of Goods or Services, in an orderly manner, in violation of Article (69) of this Law.

Article (64)

Penalties

- A- A Person who commits any of the instances of Tax evasion stipulated in Article (63) of this Law shall be liable for imprisonment for no less than three and not more than five years in addition to a fine not less than the same value of The Due Tax and not more than three times its value. The perpetrator or multiple perpetrators shall be jointly liable to pay the amount of payable Tax.
- B- The punishment stipulated in clause (a) of this Article shall be multiplied in the case where the same offence is repeated within three years from the date of issuance of a final conviction.
- C- Without prejudice to a natural person's criminal liability, a legal person shall be criminally penalized to double the maximum penalty stated in clause (a) of this Article if a crime of Tax Evasion stipulated under this Law is committed in its name, on its behalf or for its benefit.
- D- The Court may decide to seize means of transportation, tools, materials and devices used in Tax Evasion crimes, except for ships and planes, unless they were prepared or leased specifically, by the knowledge of their owners, to be used for evasion purposes.
- E- Tax Evasion cases shall be summarily reviewed upon referral to Court and in all cases, Tax Evasion shall be considered an offence prejudicial to honor and integrity.
- F- In Tax Evasion no criminal proceedings may be brought to the court or any procedures should be initiated unless upon a request from the Minister or his delegate.
- G- Without prejudice to any more severe punishment under any other Law, reconciliation may be allowed in all or some of the crimes stipulated in this Article. The Minister or his delegate may, pursuant to a written request by the accused or its representative, accept reconciliation in Tax Evasion cases whether before submitting the case or during deliberation and before the issuance of a final decision, if the accused pays an amount equals to the minimum penalty designated for

that crime plus the amount of Tax due. Reconciliation will result in the conclusion of the criminal case.

Chapter Nineteen General Provisions

Article (65)

Statute of Limitation

No claim of Tax due to the Authority, under the provisions of this Law shall be heard after the expiration of five years calculated from the end of the Tax Period for which the Tax was due.

Moreover, the claim for refunding Tax that was wrongfully paid, shall not be heard after the expiration of five years from the date of payment.

The prescribed period may be interrupted by any reason of interrupting the running of the prescriptive period stipulated in the Civil Law, or by notification of the Tax, or by informing the Taxable Person to pay, or by submitting a request to the Tax Complaints and Appeals Review Committee or filing a refund claim.

Article (66)

Tax Complaints and Appeals Review Committee

Upon the issuance of a decision by the Minister or his delegate, a committee named the "Tax Complaints and Appeals Review Committee" shall be comprised of a chairman whose level is not less than a Director at the Authority, and five members at least with expertise in tax, finance, accounting and legal matters. In addition to its competences set forth in Article (62) of this Law, the Committee shall be competent to review all complaints and disputes between Taxable Persons and the Authority with regard to the Tax.

The Taxable Person shall submit its complaint to the Committee within thirty days from the date of notification of the decision or procedure, the subject of the complaint, and after paying the designated fee. The Committee shall issue its recommendation with regard to the complaint within thirty days from the date of submission and refer the same to the Minister or his delegate, provided the Minister or his delegate issues a decision approving, amending or cancelling such recommendation within fifteen days from the date of receipt.

The applicant shall be notified of the final decision related to his petition in the legal designated manner. The expiration of the said periods without notification to the applicant of the result of the petition is considered an implied rejection.

The concerned party may appeal the decision of rejection before the concerned court within sixty days from the date of notification of the rejection or the date on which the petition was considered rejected.

The concerned party may appeal the decision of the Minister or his delegate to reject the complaint to the competent court within sixty days from the date of notification of rejection or the date on which the petition was considered rejected. Appeal before the competent court shall not preclude the collection of Tax.

The Regulations will determine the system and procedures of the Committee and the controls related to its meetings.

Article (67)

Tax Representative, Tax Agent and Appointed Persons

The Authority may approve Persons who wish to act as Tax Representatives or Tax Agents for Taxable Persons with respect to their Tax obligations in the Kingdom, after the payment of the prescribed fee. The Authority will publish the lists of approved Tax representatives and approved Tax Agents.

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

Notwithstanding the appointment of a Tax Representative, The Taxable Person shall maintain individual responsibility for all of its Tax liabilities to the Authority.

The Regulations shall determine the conditions that must be met by the Tax Representative and Tax Agent to be licensed, in addition to their other responsibilities towards the Authority.

A Person who is appointed in an administrative capacity or as a personal representative, will executor, legal administrator or liquidator of a Taxable Person shall notify the Authority of that appointment in writing within thirty days of the appointment.

Article (68)

Confidentiality

Employees of the Authority and all those responsible for the implementation of this Law shall not disclose information that they have obtained or to which they had access to in their capacity as employees or by reason of such capacity during or after their employment, except for the purpose for which they obtained these or pursuant to a permission from the Authority or in execution of upon a request from the judicial authorities in the Kingdom.

Article (69)

Maintaining Tax Records and Invoices

The Taxable Person shall maintain in an orderly manner the records and Tax Invoices and accounting books related to the Import or Supply of Goods or Services, and to provide the Authority with these records, invoices and books upon request.

The Regulations shall determine the types of such records and books as well as the timeframes and conditions that should be met for keeping them.

Article (70)

Stating Tax Registration Number

The Taxable Person or its Legal Representative shall state the Taxable Person's Tax Registration Number on each Tax Return, notification, Tax Invoice, Tax (Credit/ Debit) Note and any other Tax documents in addition to all its correspondence with the Authority.

The Authority may issue a Tax Registration certificate to the Taxable Person including its Tax Registration Number and Tax information after paying the fees prescribed for the issuance of this certificate.

Article (71)

Electronic System for the Collection and Payment of Tax

The Taxable Person shall complete and submit the Tax Registration Application, Tax Returns and other applications, petitions or appeals related to Tax as well as paying the Payable Net Tax and related Administrative Penalties via the electronic system adopted by the Authority.

Article (72)

Tax-related International Agreement

The provisions of this Law are without prejudice to the Kingdom's international obligations arising under agreements concluded between the Kingdom's government, and foreign countries, international or regional organizations or any international or bilateral treaties or protocols that the Kingdom is party to.

Article (73)

Coordination with Government Entities

The Authority may coordinate with all of the Government Entities in the Kingdom with regard to the implementation of this Law and its Regulations. All government entities shall provide the Authority with the details, information and documents requested by the Authority for the purposes of the implementation of Tax.

Article (74)

Fees of Tax Licenses and Tax Certificates

Upon a decision issued by the Minister after the approval of the Cabinet, the fees for the issuance of Tax Certificates and licenses for Tax Representatives and Tax Agents as well as fees for filing Tax appeals will be determined.

Chapter Twenty

Transitional Provisions

Article (75)

Date of Supply after Law Coming into Effect

- A- In the cases where the invoice is issued or the Consideration of Goods and Services is paid before the Law comes into effect, or before the date of Registration and the Supply of these Goods or Services took place after that date, the Supplier of the Goods or Services is deemed to have made a Taxable Supply on the actual date of Supply of the Goods or Services. In this case, the Taxable Person shall issue a Tax Invoice including the Tax due on the Supply of Goods or Services, unless the invoice that was issued before the effective date of Law, included the actual value of Tax due.
- B- For the purposes of implementation of this Article, the Date of Supply shall be considered to have occurred after the effective date of this Law in the following two cases:
 - 1- If the delivery date of the Goods is later than the effective date of this Law.
 - 2- If the completion date of Service is later than the effective date of this Law.

Article (76)

VAT-Exclusive Contracts Concluded before the Enforcement of Law

- A- For the supplies that relate to contracts concluded before the Law come into effect, Tax shall be charged to the Supply that is wholly or partially after the enforcement date of Law.
- Unless the contract includes a clause related to the Tax, such Supplies are treated as follows:
- 1- The Consideration is considered to be inclusive of Tax if it was imposed pursuant to this Law.
 - 2- The Tax should be calculated on the Supply irrespective of whether it was taken into consideration when determining the Consideration of the Supply or not.
 - 3- The Regulations shall determine the provisions related to the implementation of this clause.
- B- As an exception to clause (a) of this Article, the Tax shall apply at zero-rate on Supplies related to contracts concluded with government before the enforcement date of this Law, and supplied wholly or partially after the enforcement date of this Law, until the earlier of the time the contract renewed or expires, or up to 31 December 2023.

Article (77)

Registration Periods for Tax Purposes

- A- The Person who has a Place of Residence in the Kingdom or conducts an Economic Activity therein, before the date the Law comes into effect, shall do the following:
- 1- Perform a preliminary estimation of his expected annual revenue for the year commencing on the First of January 2019.
 - 2- Apply to the Authority for registration for tax purposes if it is expected that the value of their supplies during the year commencing on the First of January 2019 will exceed the Mandatory Registration Threshold.
Upon a decision issued by the Minister, the timeframes for the start of registration shall be determined based on the value of the supplies made by the Taxable Person.
- B- Without prejudice to Article (63) of this Law, the expiration of the registration timeframes referenced in clause (a) of this Article, without having completed the registration process, would result in considering the Taxable Person as registered by law, it is established that value of his Imports or supplies made by him during the year commencing on the First of January 2019 reached the Mandatory Registration Threshold.

Article (78)

Intra-GCC Supplies

For purposes of compliance with Article (71) of the Agreement, Intra-GCC Supplies that include the transportation of Goods from the Kingdom to another Implementing State, until the date on which GCC Member States will have in place an electronic service system, shall be treated as an exportation of Goods.

Article (79)

Treatment of Non-Implementing States

For the purposes of implementing the provisions of this Law, any GCC State shall be treated as a Non-Implementing State if its domestic tax legislation provides treating the Kingdom as a Non-Implementing State and that state has not complied fully with the provisions of the Agreement. In such case, the GCC State shall be treated as a State outside the territory of the GCC, and the supply of Goods and Services from this State shall also be treated as being conducted in a State outside the territory of the GCC and Persons who are residing in that State shall be treated as residents outside of the GCC territory.



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