

## VAT in Bahrain

### Are you ready for the implementation?

#### VAT in Bahrain effective 1 January 2019

Bahrain has recently issued its VAT Draft Law in Arabic and approved the introduction of VAT effective from 1 January 2019 at the expected standard rate of 5%.

Introduction of VAT will be a big challenge for the local market. Businesses from a largely non-tax environment will be required to meet significant obligations critical to the operation of the new VAT system. Also, from our recent experience, they will have to meet these obligations in a very short time and with very little margin of error.

#### Not sure how to do it or even where to start?

Deloitte is here to help you.

We have developed an approach and methodology to support you in the implementation of VAT while at the same time, keeping the cost manageable. You will leverage our VAT technical know-how to build your in-house VAT expertise to not only implement VAT, but also to continuously manage the process and risks over the longer term. Actions that should be undertaken already include:

#### Transaction mapping

Analysis of business transactions to determine the likely VAT treatment.

#### IT review

Development of IT system requirements to manage the readiness of the system to process the VAT requirements.

#### VAT impact assessment

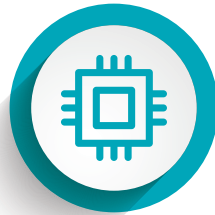
Overview of the VAT position of the business, review of the terms of crucial contracts, identification of compliance and documentation requirements.

#### VAT implementation – what needs to change in your business?



#### People and organization

- New roles and responsibilities
- Build VAT expertise within the organization
- Change in thinking and acceptance



#### Technology

- VAT determination in front-end systems,
- Accounting for VAT in systems including creation/assignment of VAT codes, general ledger (GL) accounts, exchange rates,
- And changes in existing commercial documents (e.g., invoices)



#### Processes

- Updating of existing end-to-end processes for Order-to-Cash and Procure-to-Pay with VAT touch-points
- New GL accounts and new accounting entries
- Creation of new VAT reporting and compliance processes

If you need more assistance, we are ready to help as well. We will tailor our approach to fit your requirements.

#### The Deloitte VAT team in Bahrain

Our team has carried out many VAT implementation projects for many different types of businesses across the GCC, including Bahrain, and we are here to continue to help no matter where you are in terms of preparation. For further information please contact:

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