



Decree Law No. (48) of 2018 on Value Added Tax

English Translation (Unofficial)

October 2018

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Disclaimer

The information contained herein is a translation of the 'Decree Law No. (48) of 2018 on Value Added Tax'. The document is not intended to address the circumstances of any particular individual or entity. Although we have endeavoured to provide accurate translate, there can be no guarantee that the translation is error free. No one should act on such translation and any applications of these regulations must be consulted with appropriate professional advice after a thorough examination of the particular situation.

Decree Law No. (48) of 2018 on Value Added Tax

We, Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain

Having reviewed the Constitution, and in particular Article (38) of it.

- And, the civil and commercial deliberations law, issued by the decree, by the Law No.(12) for the year 1971, and its amendments.
- And, the penal code, issued by the decree, by the Law No.(15), for the year, 1976, and its amendments.
- And, the commercial law issued by the decree, by the Law No.(7), for the year, 1987, and its amendments.
- And, the decree, by the Law No.(10) for the year, 1990, pertaining to the censorship of pearl, and the precious stones, amendment by the decree, by the Law No.(65), for the year, 2014.
- And, the civil law, issued by the decree, by the Law No.(19), for the year, 2001, amended by the Law No.(27), for the year, 2017.
- And, the commercial companies law, issued by the decree, by the Law No.(21), for the year, 2001, and its amendments.
- And, the decree, by the Law No.(10), for the year, 2002, for the agreement on the uniform regulation (Law) for the customs, in the countries of the gulf council, for the Gulf countries.
- And, the decree, by the law NO.(39), for the year, 2002, pertaining to the public budget, and its amendments.
- And, the law of criminal procedures, issued by the decree, by the Law No.(46), for the year, 2002, and its amendments.
- And, the law of the central bank of Bahrain, and the financial institutions, issued by the Law No.(64), for the year, 2006, and its amendments.
- And, the Law No.(16), for the year, 2014, pertaining to the protection of the government's information and documents.
- And, the decree, by the Law No.(27), for the year, 2015, Pertaining to the commercial registrar.
- And, the Law No.(18), for the year, 2016, pertaining to the limited investment companies
- And, the decree, by the law No. (47), for the year, 2018, for the authentication of the uniform agreement for the value-added tax, for the gulf council, for the Gulf countries.
- And, in accordance with the submission, by the prime minister.
- And, following the agreement, by the council of ministers.

Have issued the following Decree Law

The Value Added Tax Law

Chapter One - Introductory Provisions

Article (1)

Definitions

In the application of the provisions of this Decree Law, the following words and expressions shall have the meanings assigned against each, unless the context otherwise requires:

- 1- **The Kingdom:** The territory of The Kingdom of Bahrain, including its lands, the territorial waters in which it practices the rights of sovereignty, the seabed, the layers under the soil and natural resources in accordance with the international law.
- 2- **The Minister:** The Minister of Finance.
- 3- **The Authority:** The National Gulf Tax Authority established by the Decree Law No. (45) of 2018.
- 4- **The Council:** The Gulf Cooperation Council.
- 5- **The Agreement:** The Unified Agreement for VAT of the Cooperation Council for the Arab State of the Gulf ratified by Decree Law No. (47) of 2018.
- 6- **The Unified Customs Law:** The Decree Law No. (10) of 2002 ratified the Unified Customs Law of the GCC States.
- 7- **First Point of Entry:** The first customs entry point for goods entering the GCC region from abroad, according to the Unified Customs Law.
- 8- **Final Destination Point:** The customs point of entry of goods into any GCC country which is the final destination of the goods.
- 9- **Tax:** The Value Added Tax (VAT) imposed on the import and supply of goods and services at each stage of production and distribution, including deemed supply.
- 10- **Deemed supply:** Anything considered as a supply of goods or services according to the instances stipulated in this law.
- 11- **Supply:** Any form of supply of goods and services for a Consideration in accordance with the provisions of this law.
- 12- **Implementing States:** GCC States that are implementing a Tax law pursuant to an issued legislation.
- 13- **Person:** Any natural or legal person, public or private, or any other form of partnership.
- 14- **Taxable person:** A person who conducting an economic activity independently for the purpose of generating income and is registered or obligated to register for Tax purposes under this law.
- 15- **Taxable Trader:** A Taxable Person in the Implementing States, whose main activity is the distribution of oil, gas, water and electricity.

- 16- **Economic Activity:** Any activity conducted regularly and on an ongoing basis for the purpose of generating income and includes commercial, industrial, agricultural, professional, or service-related activity or anything related to the use of tangible or intangible properties, in addition to any other similar activities.
- 17- **Goods:** All types of tangible properties (physical assets), including water, and all types of energy such as electricity, gas, lighting, heating, cooling and air conditioning.
- 18- **Import of goods:** The entry of goods into any Member States from outside the Implementing GCC States in accordance with the provision of the Unified Customs Law.
- 19- **Export of goods:** The Supply of goods from the Kingdom to outside the territory of the Implementing States in accordance with the provisions of the Unified Customs Law.
- 20- **Services:** Anything which is not a good whether local or imported.
- 21- **Taxable Supplies:** Supplies on which Tax is charged whether at the standard rate or the zero-rate rate, and for which associated Input Tax is deductible in accordance with the provisions of this law.
- 22- **Input Tax:** Tax paid or payable by a Person in case of Goods or Services supplied to him, or imported for the purpose of carrying on Economic Activity.
- 23- **Exempt Supply:** A supply of Goods or Services, where no Tax is due and no Input Tax may be recovered in accordance with this law.
- 24- **Tax Identification Number (TIN):** The unique Tax Identification Number is issued by The Authority for the Taxable Persons.
- 25- **Tax Group:** Two or more Taxable Persons registered with The Authority 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 Supplier for the supply of Goods or Services from the Customer or third party inclusive of Tax.
- 27- **Importer:** A Person whom the customs' records identify as an importer of the goods in accordance with the provisions of the Unified Customs Law.
- 28- **Supplier:** The Person who supplies goods or services.
- 29- **Customer:** The Person who receives goods or services.
- 30- **Resident:** Every Person who has a place of residence within The Kingdom.
- 31- **Non Resident:** Any person who has no place of residence within The Kingdom.
- 32- **Place of Residence:** The place where a person has a place of establishment or fixed establishment, and for a natural person who does not have a place of establishment or a fixed establishment, this shall be his habitual residence. In the event that a Person has a Place of Residence in more than one State, the Place of Residence most closely connected with that Supply

- 33- **Place of Establishment:** The place where a business is legally established or the place of effective management where major commercial decisions are taken, where this differs from the place of legal
- 34- **Fixed Establishment:** Any fixed place of business, other than the Place of Establishment, in which the Person conducts his business regularly or permanently and where sufficient human and technology resources exist to enable the Person to supply or acquire Goods or Services
- 35- **Capital assets:** The tangible and intangible assets which are part of the assets of the business and intended for long-term use as a business instrument or means of investment.
- 36- **Reverse Charge Mechanism:** The mechanism under which the customer registered for Tax is liable to pay the Tax on behalf of the Supplier and is responsible to perform all the obligations stipulated by this Law.
- 37- **Related Persons:** Two or more Persons where one of them has a 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 aspects. 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 the Tax due on Supplies for each Tax Period in accordance with the provisions of this Law.
- 39- **Net Tax:** The Tax resulting from the deduction of Deductible Tax in The Kingdom from the Tax payable in The Kingdom during the Tax Period. The Net Tax is either payable or refundable.
- 40- **Mandatory Registration Threshold:** The minimum limit of the value of actual supplies at which the Taxable Person shall apply for Tax Registration.
- 41- **Voluntary Registration Threshold:** The minimum limit of the value of actual supplies at which the Taxable Person may apply for Tax Registration.
- 42- **Tax return:** Information and data specified for Tax purposes and submitted by a Taxable Person in accordance with a form prepared by The Authority.
- 43- **Tax Period:** A specific period of time for which the Net Tax shall be calculated and reported through the Tax return.
- 44- **Tax Invoice:** A written or electronic document in which the occurrence of a Taxable Supply is recorded with details pertaining to it in accordance with this law.
- 45- **Tax Credit / Debit Note:** Written or electronic document issued by a Taxable Person upon making any adjustment to the Consideration of a Supply in accordance with the provisions of this Law.
- 46- **Vouchers:** Written or electronic instrument that gives the right to receive Goods or Services against the value stated thereon or the right to receive a discount on the price of the Goods or Services. Vouchers do not include postage stamps issued by The Kingdom's mail.

- 47- **Market Value:** The amount exclusive of tax for which goods and services are traded on the open market between two independent parties under certain competitive conditions.
- 48- **Government Authorities:** Ministries, government agencies, bodies and public institutions in The Kingdom.
- 49- **Intra GCC supplies:** Supply of goods or services from a Supplier in an Implementing State to a Customer residing in another Implementing State.
- 50- **Sovereign Supplies:** Supplies made by Government Entities in their sole competent capacity, with or without Consideration.
- 51- **Tax Representative:** The Person licensed by the Tax Authority to represent the Non-Resident Taxable Person in all matters relating to its tax obligations and rights.
- 52- **Tax Agent:** A Person licensed by the Tax Authority to represent and act on behalf of the Resident Taxable Person in all matters relating to his tax obligations and rights.
- 53- **Regulations:** The implementing regulations of this law.

Chapter Two - Tax Rate and Scope

Article (2) Scope of Tax

Tax shall be imposed on every taxable supplies made by a Taxable Person in The Kingdom and on goods and services received by a Taxable Person where the Reverse Charge Mechanism shall be applied, also in case of import of goods in accordance with provisions of this law.

Article (3) Tax Rate

Tax shall be imposed at a standard rate of (5%) on the value of the supply or import unless a special provision is stipulated by this law for an exemption from the Tax, or for charging the Tax at a zero rate.

The displayed price of the goods and services in the domestic market shall include the Tax due in accordance with the terms and conditions specified in the Regulations.

Article (4) Responsibility for Tax

The Tax imposed shall be the responsibility of the followings:

1. The Taxable Person who conducts the supply of goods and services in The Kingdom.

2. The Taxable Person who receives goods and services in The Kingdom from a Non-Resident supplier according to the provisions of the Reverse Charge Mechanism and reporting it in the Tax Return.
3. Any Person who is appointed or declared as an Importer in accordance with the provisions of the Unified Customs Law shall be obliged to pay Tax due on importation.
4. Each Person who declares a Tax amount on an invoice issued in The Kingdom.

The Regulations shall determine the conditions and procedures for the application of the provisions of this article.

Chapter Three - Supply

Article (5)

Supply of Goods

- A. It is considered to be a Supply of Goods if the ownership is transferred or the right to use them as the owner and it includes the following cases:
 1. Surrender of possession of goods under a contract or agreement stating it can be transferred or possibly transferable on a date subsequent to the date of the contract or an agreement made no later than the date of payment of the full Consideration.
 2. Granting in kind rights for ownership that gives the right to use the real estate.
 3. The compulsory transfer of ownership of ownership of Goods for Consideration pursuant to a decision of the public authorities or by virtue of any applicable law in The Kingdom.
 4. A Taxable Person transferring Goods forming part of his assets from The Kingdom to another Implementing State with the exception of the following cases:
 - a) It is proven that the transferred Goods have been used in the other Implementing State temporarily in accordance with the provisions of temporary entering of goods stipulated in the Unified Customs Law.
 - b) The transfer of Goods is made as part of another Taxable Supply in another Implementing State.
- B. The Regulations will specify the rules and procedures of the application of the provisions of this Article, including the provisions regulating the multi-components supplies at a single price, whether those supplies are goods, services or both.

Article (6)**Supply of Services**

A Supply of Services shall be every Supply that is not considered a Supply of Goods, as specified by the Regulations.

Article (7)**Issue of a Voucher**

The sale or issuance of any Voucher is not considered to be a Supply unless the received Consideration exceeds its nominal value. The process of supplying goods and services in exchange for vouchers is subject to Tax in accordance with the terms and conditions specified by the Regulations.

Article (8)**Supply on behalf of a Taxable Person**

If a Taxable Person supplies or receives Goods or Services in his own name on behalf of another Person, he shall be treated for the purpose of the application of this law as the Supplier or recipient of goods or services.

If a Taxable Person supplies or receives Goods or Services in the name and on behalf of another Person, he shall be treated for the purpose of the application of this law as he is supplying or receiving those goods or services on behalf of someone else.

Article (9)**Supplies by Government Authorities**

Supplies by Government Authorities shall be subject to Tax if they are performed in a non-sovereign capacity and by carrying out an Economic Activity in accordance with competitive mechanisms with the private sector.

A decision by the Prime Minister shall be issued specifying these entities, their Taxable Supplies, the nature of the Tax Returns they shall submit, and their deregistration.

Article (10)**Deemed Supply**

A. The following cases shall be considered as Deemed Supply:

1. The use or surrender of Goods forming part of its assets, for purposes other than carrying out Economic Activity.
2. Changing the use of Goods for the purpose of making non-taxable supplies.
3. Retention of Goods that a Taxable Person owns at the date of Tax Deregistration despite the cessation of Economic Activity.
4. Disposal of Goods without Consideration, unless with the intention of using them as samples or gifts for the purposes of its Economic Activity within the limits specified by the Regulations.
5. Supply of Services without Consideration.

- A. The provision of paragraph (a) of this Article shall apply where the Taxable Person deducts the Input Tax relating to the Goods and Services referred to.
- B. The Regulations shall specify the detailed rules of the Deemed Supply.

Article (11)

Surrender of Economic Activity

For the purposes of the application of this Law, the surrender of a Taxable Person's Economic Activity or a part thereof shall not be considered as a Supply in the Kingdom, whether it was done with or without Consideration.

The Regulations shall specify the conditions and rules governing the application of this Article.

Chapter Four - Tax due date (Date of Supply)

Article (12)

Date of Supply in general

- A. Tax becomes due on the date of the supply of Goods or Services, the date of issuance of the tax invoice or upon partial or full receipt of the Consideration, whichever comes first, and to the extent of the received amount.
- B. The date of supply of Goods or Services on which Tax is due is as follows:
 - 1. The date on which transportation of the Goods began, if their transport is under the supervision of the Supplier.
 - 2. The date on which the Goods were placed at the Customer's disposal, if their transport is not under the supervision of the Supplier.
 - 3. The date on which the assembly or installation of Goods was completed in connection with Supplies of Goods with assembly or installation.
 - 4. The date on which the performance of the Service was completed.

Article (13)

Tax Due Date in Special Cases

- A. The date of 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 one year from the date of the provision of such Goods and Services:
 - 1. The date of issuance of any tax invoice or any other similar document.
 - 2. The payment due date of the amount specified in the tax invoice.
 - 3. 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 Supplies of Goods or Services shall be the date of their supply, disposal, change of usage or the date of Deregistration, specified by the Regulations.
- D. The due date of the customs duty, or the date on which it is supposed to be due in accordance of the provisions of the Unified Customs Law.
- E. The date of a supply of a voucher shall be the date of issuance or supply thereafter.

Chapter Five - The place of supply

Article (14)

Place of Supply of Goods

- A. The place of supply of Goods shall be in The Kingdom in the following cases:
 - 1. If the goods are placed at the disposal of the customer in The Kingdom without transport or dispatch.
 - 2. If the goods are located in The Kingdom at the time of the start of their transportation or dispatch, in regards to the supply with transportation or dispatch, whether the transportation or dispatch are undertaken by the Supplier or for the account of the Customer.
 - 3. If the assembly or installation of the supplied goods takes place in The Kingdom.
- B. Intra-GCC supply of goods:
 - 1. The place of supply of the Intra-GCC supply of goods is considered to be in The Kingdom if it is the final destination of transport or dispatch, and the recipient is a Taxable Person, or the supplier is registered or required to register here.
 - 2. The place of supply of the Intra-GCC supply of goods is considered to be in The Kingdom if it is the point of origin of transportation or dispatch of the goods without assembly or installation, and the supplier is a Taxable Person in The Kingdom, and the Customer is not registered in the Implementing State that is the final destination of the transportation or dispatch, on the condition that the value of supplies by the supplier subject to taxation to that Implementing State does not exceed in any consecutive twelve months, the limit of the mandatory registration threshold.

Article (15)

Place of Supply of Water and Energy

As an exception of the provisions of Article (14) of this Law, the place of supply of gas, oil, and water shall be determined through the pipeline distribution system, and the supply of electricity through the production, transmission, and distribution electricity networks, in accordance with the following:

1. If the supply is from Taxable Person established in The Kingdom to another Taxable Trader in another Implementing State the place of supply shall be the place of the establishment of the Taxable Trader.
2. If the supply is from a Taxable Person to a Non-Taxable Person, the place of supply shall be at the place of the actual consumption

Article (16)

Place of Supply of Services

The place of supply of Services shall be in The Kingdom if the Place of Residence of the Supplier is in The Kingdom. Where the Recipient of Services has a Place of Residence in another Implementing State and is registered for Tax therein, the place of supply shall be the Place of Residence of the Recipient of the Services.

Article (17)

The place of supply of other services

Notwithstanding the provisions of Article 16 of this Law, the place of supply of other services shall be determined according to the following cases:

1. The place of supply shall be the place of residence of the Recipient of Services if it is a Taxable Person and has a Place of Residence in The Kingdom, and the Supplier does not have a Place of Residence in The Kingdom.
2. For the Supply of means of transport to a lessee who is not a Taxable Person in The Kingdom, the place of supply shall be where such means of transport were placed at the disposal of the lessee.
3. The place of supply shall be where such Services are actually performed:
 - a) The services of restaurants, hotels and catering services.
 - b) Cultural, artistic, sports, educational and recreational services.
 - c) Services related to movable goods that have been supplied by a Taxable Supplier with a Place of Residence in the Kingdom to a non-Taxable Customer residing in another Implementing State.
4. For the Supply of Services related to real estate as specified in the Regulations, the place of supply shall be where the real estate is located.
5. For the Supply of transportation and related Services, the place of supply shall be the place where transportation begins, as specified in the Regulations.

Article (18)

Place of Supply Telecommunication and Electronic Services

The place of supply of wired and wireless telecommunications services and electronic services is in the Kingdom if the services are used and enjoyed in the Kingdom regardless of the place of contract or payment of Consideration.

The Regulations shall specify the nature and types of wired and wireless telecommunications and electronic services and the terms and conditions of applying this Article.

Chapter Six - Importation

Article (19)

The place of importation

The place of importation is considered to be in The Kingdom in the following cases:

1. If The Kingdom is the first entry point of entry of the imported goods into the GCC.
2. If The Kingdom is the place of release of the imported goods from the customs suspension regime after the goods have been placed under customs suspension regime when entering to the GCC region in accordance with the provisions of the Unified Customs Law.

Chapter Seven - The value of supply and importation

Article (20)

The value of supply

- A. The value of the supply shall be calculated on the basis of the Consideration including all the expenses imposed by the Taxable Supplier on the Customer as well as the fees due as a result of the supply and all the taxes due including the excise tax, excluding the Tax.
- B. If the whole or part of the Consideration is non-monetary, the value of the supply shall be the sum of the total monetary value and the fair market value of the non-cash portion of the Consideration, including all the expenses referred to in the previous paragraph of this Article, excluding the Tax.
- C. For Tax due in accordance with the Reverse Charge Mechanism, the value of the supply is the purchase price, and if the purchase price cannot be determined, the fair market value applicable on the date of the supply is used.
- D. If the Consideration is related to other matters in addition to the supply of goods or services, the value of the supply shall be deemed to be equal to the part of the Consideration relating to such supply.
- E. The Regulations shall specify the provisions and rules governing the application of the provisions of this Article, as well as the terms and conditions for the determination of market value.

Article (21)

The value of the imported goods

The value of the imported goods shall be the customs value specified in accordance with the Unified Customs Law, as well as the excise tax, customs fees and any other charges, except for the Tax.

If the value of the importation cannot be determined in accordance with the provisions of the previous paragraph of this Article, it shall be determined in accordance with the rules laid down in the Unified Customs Law.

Article (22)

Value of Supply for Related Persons

Notwithstanding 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 the supply is less than the Market Value and the Customer is not entitled to deduct Input Tax in full.

The Regulations shall determine the terms and conditions for applying this Article.

Article (23)

The value of Deemed supply

The value of deemed supply is calculated on the basis of the value of the purchase or the actual cost of the goods or services of the deemed supply.

Where the value of the purchase or actual cost cannot be determined, the fair market value of such goods or services shall be applied.

Article (24)

Supply value after discount

The value of the supply is reduced by the following:

1. Discounts on prices and price reductions granted to the Customer.
2. The value of subsidies granted by the Kingdom to the Supplier.
3. Payments made by the Taxable Supplier in the name and for the account of the Customer, and in this case the Taxable Supplier is not entitled to deduct the Tax paid on these expenses.

Article (25)

Value of Supply of Vouchers

The value of the supply of a Voucher is calculated based on the difference between the Consideration received by the supplier and the face value advertised on the voucher.

Article (26)**Value for re-importation after the transfer and temporary export of the goods**

If the goods are transferred temporarily to one of the Implementing States or exported in order to complete their manufacture and repair, their final value which is taxable upon re-importation into The Kingdom shall be calculated on the basis of the value of the increase occurred in accordance with the provisions of the Unified Customs Law.

Article (27)**Supply value on the basis of profit margin**

The Taxable Persons may, at any tax period after the approval of The Authority calculate the value of the supplies of some taxable goods by using the profit margin mechanism instead of the value of the supply. The Regulations shall specify the Goods on which the profit margin mechanism applies and the terms and conditions to be met for the application of the provisions of this Article.

Article (28)**Adjustment of the supply value**

Taxpayers may adjust the value of the supply when any of the following occurs at a date after the date of supply:

1. Cancel or reject the supply in whole or in part
2. Discount in the supplied value.
3. Non receipt of the Consideration in full or in part and in accordance with the conditions applicable for bad debts.
4. Return of Goods or Services, subject to the Supplier's acceptance of the return.

The Taxable Person is required to adjust the value of the supply in the event of a material change or modification in the nature of the supply which results in an increase in the amount of Tax due.

The Regulations shall specify the terms and conditions of applying the provisions of this Article.

Chapter Eight - Registration**Article (29)****Mandatory Registration**

- A. The Mandatory Registration Threshold shall be the threshold provided for in paragraph 2 of Article 50 of The Agreement.
- B. The Resident Taxable Person shall be liable to register for Tax purposes in the following cases:

1. If the total value of the Supplies in The Kingdom exceeded the Mandatory Registration Threshold over the previous 12-month period prior to the end of any month in the year.
 2. If it is anticipated that the total value of all supplies will exceed the Mandatory Registration Threshold in the next 12-month period.
- C. A Non-Resident person shall register in The Kingdom for Tax purposes, regardless of the value of his supplies, as long as he is obliged to pay the Tax in The Kingdom. The registration can be made directly or through an appointed tax representative after the approval of The Authority. The tax representative shall be entitled to all rights and obligations in accordance with the provisions of Article 67 of this law.
- D. The Regulations shall specify the rules, procedures and conditions necessary for the provision of this Article.

Article (30) **Tax Group Registration**

Two or more legal Taxable Persons residing in the Kingdom may be registered as a single Tax Group upon their request and after fulfilling the conditions and procedures prescribed by the Regulations.

All members of the Tax Group shall be jointly liable for the tax liabilities of that group which arose during the period in which they were a part of the group.

In all cases, the Authority may modify or cancel the registration of the Tax Group in accordance with the terms, conditions and procedures specified in the Regulations.

Article (31) **Registration of Related Persons**

The Authority may register Related Persons automatically in accordance with the terms, conditions and procedures specified in the Regulations.

Article (32) **Exception of the Registration**

The Authority may except a Taxable Person from mandatory Tax Registration upon his request if his supplies are only subject to the zero rate.

The Taxable Person shall notify The Authority about any changes in his activity after the approval of his exclusion from the mandatory registration immediately upon their occurrence which would make him obliged to register in accordance with the dates and times and procedures specified in The Regulations.

The Authority shall have the right to collect any Due Tax and administrative penalties for the period of exception where that Taxable Person was not entitled for the exception.

Article (33)**Voluntary registration**

- A. The voluntary registration threshold is as set in paragraph 3 of Article 51 of The Agreement.
- B. Any Person who is not obligated to apply for Tax Registration may apply for Tax Registration in accordance with the provisions of Article 29 of this Law in the following cases:
 - 1. If it is proven that the total value of the Supplies which are subject to tax made in the previous 12 months exceeds the voluntary threshold.
 - 2. If it is anticipated that the total value of the Supplies which are subject to tax that will be incurred will exceed the voluntary registration threshold during the coming 12 months.
- C. The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article.

Article (34)**Deregistration**

- A. A Registrant shall apply to The Authority for Tax deregistration in any of the following cases:
 - 1. If the Taxable Person ceases practicing Economic Activity.
 - 2. If the Taxable Person stops making Taxable Supplies in any 12 consecutive months.
 - 3. If at the end of any month the value of the taxable supplies made over a period of 12 consecutive months is less than the voluntary registration threshold and the value of its supplies or expenses over the next 12 months is not expected to exceed the voluntary registration threshold.
- B. The registered may apply to The Authority for Tax deregistration if the value of his Taxable Supplies during the past (12) months was less than the mandatory, but more than the voluntary registration threshold.
- C. The Regulations shall specify the procedures, terms and conditions for deregistration and the rules governing cases of refusal to cancel it.

Chapter Nine - Tax period and Tax return**Article (35)****The Tax Period**

The Regulations shall specify the Tax Period for which a Taxable Persons shall calculate and pay the Tax for, provided that this period is not less than one month. The start and the end of the Tax Period may vary for each Taxable Person. The

Regulations shall specify the cases where the tax period may be increased or decreased by The Authority or at the request of the Taxable Person.

Article (36)

Submission of the tax return

The Taxable Person shall submit the Tax Return to The Authority no later than the last day of the month following the reporting Tax Period declaring all supplies made and received during that Tax Period.

The Taxable Person is obliged to submit a Tax return even if he has not performed any purchase, import or supply transactions during the Tax period.

If the Taxable person has not submitted his Tax return within the period specified 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 has not been submitted, provided that The Authority shall determine the basis without prejudice. The criminal liability of the Taxable Persons and the administrative fines are specified in this law.

Subject to the provisions of Article 61 of the Agreement, the Regulations shall specify the data to be reported in the tax return, its terms and conditions, and its procedures.

Article (37)

Amendment of the declaration

Subject to the provisions of Article 28 of this Law, the Taxable Person shall be liable to notify The Authority if any adjustment of the Tax return is necessary and he shall make the necessary amendments in the Tax return to correct it in accordance with the terms and conditions, and its procedures specified by the Regulations.

Chapter Ten - Tax Invoice

Article (38)

Issuance of the Tax invoice

A Taxable Person shall issue an original Tax invoice when supplying goods and services, including the deemed supply or when receiving any payment in full or in part before the date of supply.

Subject to the provisions of paragraph 1 of Article 56 of the Agreement, The Regulations shall specify the mandatory content of the Tax invoice, the conditions and procedures for its issuance including electronic invoices, the cases in which the Taxable Person is excluded from issuing the Tax invoice and those under which alternative documents may be issued and the terms and details of such documents and the conditions in which the customer or third party may issue the Tax invoice on behalf of the Supplier.

Article (39)**Date of issuance of Tax invoice**

The Taxable Person shall issue a Tax invoice no later than 15 days after the end of the month in which the supply took place.

Article (40)**Currency used on Tax invoices**

For Supplies in foreign currency the value of the Supply stated in the Tax invoice shall be converted into Bahraini Dinar.

The currency conversion is based on the exchange rate approved by the Central Bank of Bahrain at the date of supply.

Article (41)**Amendment of Tax invoices (debit and credit note)**

- A. The Taxable Person shall adjust the value of the Supply if any of the cases in Article 28 of this law occur after issuing the Tax invoice, provided that this adjustment is included in a document correcting the original Tax invoice according to the following:
1. If the amount of the Tax stipulated on the original invoice exceeds the actual value of the Supply, the Taxable Person shall issue a credit note.
 2. If the amount of the Tax stipulated on the original invoice is less than the actual value of the Supply, the Taxable Person shall issue a debit note.
- B. In all cases, this document shall be treated the same as the original Tax invoice.

Chapter Eleven - Deduction and calculation of due tax**Article (42)****Input Tax deduction**

- A. The Input Tax that is recoverable by a Taxable Person for any Tax Period is the total of Input Tax paid for Goods and Services which are used or intended to be used for making any of the following:
1. Taxable supplies.
 2. Supplies that are made outside The Kingdom which would have been Taxable Supplies if they had been made in The Kingdom.
- B. Where Goods are imported by a Taxable Person through another Implementing State and the intended final destination of those Goods was The Kingdom at the time of Import, then the Taxable Person shall be entitled to treat the Tax paid in respect of Import of Goods in the Implementing State as Recoverable Tax.
- C. Notwithstanding of paragraph of this Article, input tax shall not be deducted in the following cases:

1. If it is paid on Goods or Services used for purposes other than taxable Economic Activity,
 2. If it is paid on goods prohibited in The Kingdom,
 3. If it is paid on Supplies or Import of Goods which are exempted from Tax in The Kingdom.
- D. The Regulation shall specify the other cases in which the input tax is not deductible, and terms and conditions to be met for the application of the provisions of this Article.

Article (43)

Conditions of Input Tax Deduction

In order to deduct Input Tax in any Tax period the Taxable Person shall receive and keep the Tax Invoice or the customs declaration which indicates him as the recipient or the importer of the goods.

Article (44)

Input Tax deduction on expenses paid before the registration date

A Taxable Person is entitled to recover Input Tax incurred before Tax registration on the Tax Return submitted for the first Tax Period following Tax registration, which has been paid for any of the following:

1. Receipt of goods or services for the purpose of making taxable supplies.
2. Failure to supply goods before the date of registration.
3. Capital assets are not used in full before the date of registration.
4. Receipt of services within a period not exceeding six months prior to the date of registration.
5. The goods and services are not subject to any restriction related to the right of deduction listed in The Agreement and this law.

Article (45)

Partial deduction of Input Tax

In cases where the Input Tax is related to Goods and Services used to make both Taxable and non-Taxable Supplies, the Input Tax may be deducted only within the percentage of the proportion of Taxable Supplies.

The Regulation shall specify the method of calculating the proportional rate and the terms and conditions to be met for the application of the provisions of this Article.

Article (46)

Adjustment of deductible Input Tax

- A. The Taxable Person shall be liable to adjust the Input Tax value previously deducted at the importation or purchase of goods or services if it has

increased or decreased the value of his available deductible Input Tax in the following cases:

1. Cancellation or rejection of the Supply.
 2. Discount in the value of the supply after the date of supply.
 3. Failure to pay for the goods in whole or in part in accordance with the terms of the bad debts.
 4. Change in the use of capital assets.
- B. The Taxable Person shall not make an adjustment of the Input Tax in the following cases:
1. Proven loss, damage or robbery of imported or purchased goods in accordance with the conditions and regulations specified in The Regulations.
 2. The use of imported or supplied Goods as samples or gifts of low value as specified in paragraph 4 (a) of Article 10 of this law.

Article (47)

Input Tax on capital assets

Input Tax is deducted on capital assets in accordance to the net book value on the date of registration. The Regulations shall specify the Input Tax deduction mechanism for capital assets and the duration for record keeping.

Article (48)

Adjustment of Tax due

Subject to the provisions of Article 41 of this Law, the Taxable Person shall adjust the tax due in the following cases:

- 1- The availability of one of the cases specified in Article 28 of this Law, resulting in an adjustment of the value of the supply.
- 2- If the tax is imposed incorrectly.

The Regulations shall specify the adjustment method of the Input Tax and terms and conditions to be met for the application of the provisions of this Article.

Article (49)

Estimation of the Authority for Net tax

The Authority shall be entitled to estimate the amount of the tax due if the reported tax is proved to be incorrect. This assessment shall be based on available data and documents.

The Regulations shall specify the method of calculation and the terms and conditions to be met for the application of the provisions of this Article

Chapter Twelve - Payment of the Tax

Article (50)

Payment of Tax due on Supply

The Taxable Person shall pay the amount to The Authority together with the submission of the Tax return in accordance with the rules and procedures specified by the Regulations.

Article (51)

Payment of Tax due on importation

- A. The importer shall pay the Tax due on importation to the Customs Affairs of the Ministry of Interior if The Kingdom is considered to be the first point of entry in accordance with the provisions of this law and conditions determined by The Authority.
- B. Notwithstanding the provisions of paragraph (a) of this Article, The Authority may allow the taxable importer to defer payment of the Tax due on imported goods for the purposes of Economic Activity. In such case the taxable importer shall report the deferred Tax to be paid in his Tax return. The deferred Tax payable shall be taxable and subject to deduction in accordance with the provisions of this law.
- C. The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Article (52)

Tax suspension

The Tax on import shall be suspended if the imported goods are placed in customs duty suspension in accordance with the rules and conditions of the Unified Customs Law.

In this case the Taxable importer shall provide financial guarantee covering the value of the Tax calculated in accordance with the rules and conditions specified by The Regulations.

Chapter Thirteen - Zero-rated taxation

Article (53)

Goods and Services subject to zero rate

Zero rate shall apply to the following Goods and Services:

- 1. Export of goods outside the Implementing States.
- 2. Supply of goods to a customs duty suspension regime in accordance with the Unified Customs Law or to supply of such Goods whilst under customs duty suspension.

3. Transportation of Goods and passengers which starts or ends in the Kingdom or passes through its territory, and the related services and the supply of such means of transport.
4. Supply of preventive 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 goods imported temporarily to The Kingdom for repair, renovation, conversion or processing, and the services included therein.
7. The Supply of Services from a Taxable Supplier resident in The Kingdom for a customer non-resident in the Implementing States and benefiting the service outside the Implementing States subject to the provisions of Article 17 of this Law.
8. Supply or import of investment gold, silver and platinum with purity level not less than 99% and publicly traded in the global market based on a certificate issued by the competent authority to examine precious metals and gemstones in The Kingdom.
9. The first supply after the extraction of gold, silver and platinum for the purposes of trade.
10. Supply and import of pearls and gemstones after obtaining a certificate issued by the competent authority to examine pearls and gemstones to determine their nature.
11. Construction of new buildings.
12. Supply of educational services and related goods and services to kindergartens, pre-primary education, basic, secondary and higher education.
13. Local transport sector.
14. Oil sector and oil derivatives and gas.
15. Import and supply of food items referred to Article 31 of the Agreement.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Chapter Fourteen - Exemptions

Article (54)

Supply of financial services

The supply of the financial services specified in the Regulations shall be exempted from Tax, except where the Consideration payable is by way of an explicit fee, commission or commercial discount.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Article (55)**Supply of bare land and buildings**

The supply of bare land and buildings by way of sale or lease shall be exempted from Tax.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Article (56)**Importation exempt from tax**

The following transactions shall be exempted from tax:

1. Import of goods if the supply in the country of final destination is exempt or subject to tax at the zero rate.
2. Import of goods exempted from customs duties in accordance with the terms and conditions specified in the Unified Customs Law which are as follows:
 - a) Diplomatic exemptions.
 - b) Military exemptions.
 - c) Import of personal items and used household items bought by citizens residing abroad or foreigners entering the Kingdom for the first time to reside.
 - d) Import of returned goods.
3. Personal items and gifts in travelers' personal luggage.
4. Special needs equipment.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Chapter Fifteen - Refund of tax and transfer of surplus**Article (57)****Refund of tax**

- A. Subject to the provisions of Articles 65 to 69 of the Agreement, The Authority shall refund the Tax paid on any Supply or import of any of the followings:
1. Excess Tax paid by the Taxable Person.
 2. Foreign government, international organizations, diplomatic and military bodies and missions for goods and services supplied inside the Kingdom.
 3. The Taxable Person in the Kingdom for a tax paid in another Implementing State for the purpose of carrying out its Economic Activity.
 4. Tourists.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article.

- B. The Tax for which the conditions of recovery are met is refunded from the account of the withheld amounts of revenues of Tax and related administrative penalties for the purpose of covering the refund applications.

Article (58)

Carry forward of recoverable tax

The Taxable Person may request The Authority to carry forward the excess of the Net Tax to subsequent Tax periods.

The Authority shall have the right to set off between the Net Tax excess and any Tax or administrative penalties due from the Taxable Person in subsequent tax periods until the excess value is exhausted under the provisions of this law or any other tax law.

The Regulations shall specify the terms and conditions to be met for the application of the provisions of this Article

Chapter Sixteen - Judicial control

Article (59)

Jurisdiction of judicial control officers

Officers who are assigned by a decision of the Minister of Justice in agreement with the Minister shall have judicial control of the implementation of the provisions of this law and its implementing decisions which respect to the crimes which fall within their jurisdictions and competences and related to their functions. For this purpose they may inspect and provisionally close factories, warehouses, shops, establishments and other entities that engage in activities related to the supply of import of taxable goods or services, record offenses and produce reports. If the property is residential, permission shall be obtained from the Office of Public Prosecution.

To execute judicial control, the assistance of members of the public authority may be requested, if necessary.

Chapter Seventeen - Administrative Penalties

Article (60)

Cases of administrative fines

- A. Except for cases of tax evasion specified in Article 63 of this law, an administrative penalty is imposed on any person who commits any of the following acts:

1. Delay in submitting the Tax return or payment of the tax for the prescribed period not exceeding sixty days. The penalty shall be

- calculated in this case at a rate not less than 5% and not more than 25% of the value of the tax to be recognized or paid.
2. Failure to apply for registration within sixty days from the date of expiry of the registration period specified in this law or from the date of reaching the mandatory registration threshold. The penalty shall be calculated in this case not exceeding ten thousand Dinars.
 3. Provide false data on the import or supply of goods and services if it increases the value declared in the Tax return. The penalty shall be calculated at a rate not less than 2.5% and not exceeding 5% of the value of the unpaid Tax for each month or part of the month for which no Tax has been paid.
- B. Without prejudice to any other penalties provided for in any other law, an administrative penalty shall be imposed by not exceeding five thousand dinars for any of the following acts:
1. Preventing or obstructing the employees of The Authority or those responsible for implementing the provisions of this law and the decisions executed by it to perform their duties or exercise their powers in supervision, inspection, control, review and request or access to documents.
 2. Failure to notify The Authority of changes in the registration application data or Tax return information within the specified dates.
 3. Not displaying the prices of Goods or Services including Tax in accordance with the provisions of Article 3 of this law.
 4. Failure to provide information or data required by The Authority.
 5. Non-compliance with the conditions and procedures related to issuing the Tax invoice.
 6. Violation of any other provision of the law or The Regulation.
- C. The administrative penalties shall be collected in addition to the tax due as specified in this Article.

Article (61)

Decision to impose the administrative penalty

The administrative penalty may be imposed by a decision of the Minister or his authorized representative, including the amount of the Tax due. The final decision may include the publication at the expense of the violator in a local newspaper or in any other means of publication, depending on the type and severity of the offense and its effect.

The decision on the administrative penalty is considered as enforceable on executive bonds in accordance with the provisions of the Civil and Commercial Procedures Law promulgated by Legislative Decree No. 12 of 1971.

Article (62)

Grievance and appeal against the decision of the administrative penalty

A Person who is obliged to pay the administrative penalty may appeal against the decision by filing a grievance before the Committee for Examination of Grievances and Disputes of Taxation stipulated in Article 66 of this law within the same time and with the same rules and procedures prescribed for the Consideration of tax objections. The Committee shall issue its recommendation regarding the grievance within thirty days from the date of submission. And shall submit it to the Minister or his delegate, provided that the Minister or his authorized representative shall issue his decision to adopt the recommendation, amend it or cancel it within fifteen days from the date of receipt thereof.

The complainant shall be notified of the final decision on his grievance by the methods prescribed by law. The expiry of the period without any notification to the complainant of the result shall be considered as a rejection of the complaint. The Person concerned may appeal against the decision to reject the appeal before the competent court within sixty days from the date of notification of refusal or from the date on which the complaint is considered as rejected.

Chapter Eighteen - Tax evasion

Article (63)

Cases of tax evasion

In accordance with the provision of this law the following is considered as Tax Evasion:

1. Failure to apply for registration within sixty days from the expiry of the period stipulated in section 2 of paragraph (a) of Article 60 of this law.
2. Failure to submit the Tax Return or payment of the tax due on Supplies or imports of goods or services within sixty days from the expiry of the period stipulated in paragraph 1 of paragraph (a) of Article 60 of this law.
3. The deduction of the Input tax and the adjustment of the tax due unlawfully and in violation of the provisions of Input Tax deductions specified in this law.
4. The Person who deliberately claim Tax unlawfully in part or full.
5. A Person who deliberately provides false documents or records or invoices in order to avoid or reduce the payment of the tax.
6. The non-issuance of tax invoices for the Supplies or import of goods or services subject to tax which he carries out in violation of the provisions of this law.
7. Issuing Tax invoices with Tax related to non-taxable supplies.
8. Not maintaining organized records of documents, Tax Invoices and accounting relating to the import or supply of goods or services in violation of the provisions of Article 69 of this law.

Article (64)**Penalties**

- A. The penalty for tax evasion specified in Article 63 of this Law shall be imprisonment not less than three years and not exceeding five years in addition paying the tax due and the penalty which is not less than or equal to the amount of the Tax due and not more than three times the amount of the Tax due.
- B. The punishment specified in paragraph (a) of this article shall be doubled in case of repeated offense within three years from the date of final sentence.
- C. Without prejudice to the criminal liability of a natural person, a legal person shall be criminally penalized if the tax evasion specified in this law was committed in his name or in his benefit by double the maximum fine prescribed in paragraph (a) of this article.
- D. The Court may order the confiscation of means of transport, tools, materials and devices used for tax evasion offenses, except for ships and aircraft, unless they have been specially prepared or conducted for the purposes of Tax evasion.
- E. Cases of tax evasion shall be considered urgent. In all cases, the crime of tax evasion is considered an offense against honor and honesty.
- F. No criminal action may be allowed to be taken without the request of the Minister or his authorized representative.
- G. Without prejudice to any severe penalty provided in any other law, the Minister or his authorized representative may permit to reconcile on all or some of the penalties provided for in the Article upon the written request from the accused or his agent either before the litigation, during the trial or before the final judgment on the case if the accused pays an amount equivalent to the minimum of the decided penalty of the crime in addition to the Tax due. The reconciliation entails the end of the criminal proceedings.

Chapter Nineteen - General Provisions**Article (65)****The passage of time (limitation)**

After the passage of 5 years from the end of the Tax Period on which the Tax has been due, no claims of Tax due to The Authority shall be heard in accordance with the provisions of this law. In addition no claim of Tax paid to The Authority shall be heard after 5 years of payment. The period prescribed for not hearing the case shall be interrupted for any of the reasons for the limitation of the time specified in the Civil Law or by notifications of Tax due or by warning the Taxable Person to pay the Tax or presenting to the Committee for Examination of Grievances and Disputes of Taxation.

Article (66)

Committee for Examination of Grievances and Disputes

A committee called the " Committee for Examination of Grievances and Disputes of Taxation" shall be established by a decision issued by the Minister or his representative, consisting of a president of at least a director and not less than five members with experience in tax, finance and legal matters.

The Committee, in addition to its competences referred to in Article 62 of this Law, shall examine and consider all objections and all disputes between Taxable Persons and The Authority.

The Taxable Person shall submit an objection to the committee within thirty days from the date of notifying him of the decision or the procedure in question after payment of the prescribed fee. The committee shall issue its recommendation within 30 days of submitting it to the Minister or his representatives who adopt, amend or cancel the recommendation within fifteen days from the date of receipt.

The applicant shall be notified of the final decision on his objection by the methods prescribed by law. The expiry of the period referred to without notice of the result of his objection shall constitute an implicit rejection thereof.

The person concerned may appeal against the decision of the Minister or his representative to reject the objection before the competent court within sixty days from the date of notification of rejection of his objection or from the date the objection is considered rejected. The appeal against this decision before the competent court does not obstruct him from paying the Tax.

Article (67)

Tax representative, tax agent and designated persons

The Authority may authorize persons who wish to act as tax representatives or tax agents in respect of their tax obligations in the Kingdom after payment of the prescribed fees for the license, and shall issue the lists of persons accredited to it as representatives or tax agents.

The tax representative shall be liable in along with the Taxable Person for the payment of any tax up to the date on which The Authority declares that the tax representative has ceased to represent the Taxable Person.

The Taxable Person shall continue to be personally liable to The Authority for all his tax obligations despite the appointment of a tax agent.

The Regulations shall specify the conditions to be met by the tax representative and the tax agent to authorize them to carry out their duties and their other obligations before The Authority.

An administrator, a personal representative, an executor, a legal guardian or a liquidator of a Taxable Person shall notify The Authority in writing of his appointment within thirty days from the date of appointment.

Article (68)

Confidentiality of the information

The employees of The Authority and all those responsible for implementing the provisions of this law shall not disclose any information obtained that they have come across or obtained due to the nature of their provisions during their service or after the end of it unless it is required by the judicial authorities in the Kingdom.

Article (69)

Keep records and tax invoices

The Taxable Person shall keep organized records, Tax invoices and accountings relating to the import or supply of goods or services, and shall provide these records, invoices or books to The Authority upon request.

The Regulations shall specify the types of such records, books, durations, terms and conditions to be met.

Article (70)

Tax Identification Number

The Taxable Person or his legal representative shall indicate his Tax Identification Number on each Tax return, notification, Tax invoice, debit and credit note, and any other Tax document, in addition to all correspondence with The Authority.

The Authority shall issue a Tax registration certificate to the Taxable Person containing its Tax Identification Number and tax statements, after paying the fees prescribed for the issuance of this certificate.

Article (71)

Electronic Tax Collection and Payment System

The Taxable Person shall apply for Tax registration and submit Tax returns, and other tax related request, grievances or objections, as well as pay the Net Tax and penalties through the electronic system accredited to The Authority.

Article (72)

International Tax Treaties

The provisions and procedures of this law shall not disregard any commitments be the Kingdom established through treaties between the Government of The Kingdom and foreign countries and international or regional organizations, or any international or bilateral treaties or protocols that The Kingdom is part of.

Article (73)

Coordination with government authorities

The Authority may coordinate with all government agencies in The Kingdom regarding the implementation of the provisions of this law and The Regulations. All government authorities shall provide the required data, information and documents to The Authority for the implementation of the Tax.

Article (74)

License fees and tax certificates

The fees for the issuance of tax certificates, the licenses of representatives and tax agents, and the fees for submitting tax objections shall be determined by a decision issued by the Minister after the approval of the Council of Ministers.

Chapter Twenty - Transitional provisions

Article (75)

Date of supply after the law enter into force

- A. If the invoice is issued or the payment is made for goods and services prior to the effective date of this law or before the date of registration and the Supply is made after this date, the Supplier of the Goods and Services shall be considered to make a Taxable Supply on the date the Goods or Services are supplied. In this case the Supplier shall issue a Tax invoice charging Tax on the supply of goods or services unless the invoice issued before the effective date of the law included the value of the tax actually due.
- B. For the purposes of the application of this Article, the date of supply shall be considered after the effective date of this Law in the following cases:
 - 1. If the date of delivery of the goods is after the law entered into force.
 - 2. If the date of completion of the performance of the service is after the law entered into force.

Article (76)

Contracts silent on the tax concluded before the law enters into force

- A. The tax shall be applicable on the Supply of Goods or Services made in respect of contracts that have been concluded before the implementation of the law where the Supply is made fully or partly after the law enters into force.

Unless the contract contains a tax clause, such supplies shall be treated as follows:

- 1. The Consideration shall be deemed to be inclusive of Tax if it is imposed under this law.
 - 2. The Tax shall be calculated on the Supply regardless of whether it has been included when setting the Consideration for the Supply.
 - 3. The Regulations shall specify the provisions for the application of this Article.
- B. Notwithstanding paragraph (a) of this Article, Tax shall be imposed at the zero rate on Supplies made in respect of contracts concluded with the Government prior to the date of entry into force of this Law and are supplied in whole or in part after the effective date of this Law, until renewal or expiry of the contract or 31 December 2023, whichever is earlier.

Article (77)

Deadline for registration

- A. Every resident or Person who carries out Economic Activity in The Kingdom before the effective date of this Law shall:
1. Make an initial estimate of its expected annual income for the year beginning on 1 January 2019.
 2. Apply to The Authority for registration for tax purposes if the value of its Supplies in the year beginning on 1 January 2019 is expected to exceed the mandatory registration threshold.
- The timeframe of the commencement of registration shall be determined by a decision of the Minister according to the value of the Supplies of the Taxable Person.
- B. Without prejudice to the provisions of Article 63 of this law, the consequence of the passing of the registration deadline referred to in paragraph (a) of this Article, without completing the registration procedures, shall mean that the Taxable Person whose imports or supplies for the year beginning on 1 January 2019 exceed the mandatory registration threshold, shall be considered to be registered for the purposes of this Law.

Article (78)

Intra-GCC Supplies

In order to comply with Article 71 of the Agreement, Intra-GCC Supplies that include the movement of the Goods from the Kingdom to another Implementing State shall be considered as Export of Goods until the establishment of the Electronic Service System in all GCC Member State.

Article (79)

Treatment of non-Implementing States

For the purposes of the application of the provisions of this law, any Member state shall be treated as non-Implementing State if they do not recognize the Kingdom as an Implementing State in its Tax legislation and if they are not fully compliant with the provision of the Agreement. The Supply of Goods and Services from such States shall be considered to be outside the GCC and the Residents of such country shall be treated as non-GCC residents.



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