

Indirect Tax Update

Update on the VAT Tourist Refund Scheme

23rd January 2020

The NBR has released a brief explanation regarding the retailers whose VAT on sales were refunded to tourists. The tax refund for tourist scheme functions as follows:

1. A tourist purchases an eligible good from a retailer who is participating in the tax refund for tourists scheme.
2. The tourist receives a refund on the VAT paid on the purchase at the Planet Payment kiosk at Bahrain International Airport.
3. Planet Payment invoices the supplier for the VAT amount refunded by them to the tourist.
4. The supplier pays the VAT amount to Planet Payment.
5. The supplier will report the taxable supply in their VAT return and include the VAT amount refunded as an adjustment.
6. The VAT amount paid to Planet Payment is recovered by the supplier through the VAT return.

Please note that the supplier will report the VAT adjustment in the tax period in which the invoice from Planet Payment have been received.

If the supply was made in a particular tax period, but the Planet Payment invoice was not received in that period, the adjustment should be made in that subsequent tax period in which the Planet Payment invoice is received.

For more information, please [contact us](#).

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