

# Bahrain VAT rate change: Potential transitional considerations

28 September 2021

## Potential VAT treatments

Rules applicable	Contract rule		Invoice rule		Transitional relief period*		
	Contract entered into		Invoice issued		Supply made (apportionment to be considered)		
	on or before announcement date	after announcement date	on or before announcement date	after announcement date	before 1 January 2022	during transitional period	after transitional end date
General rule	No	Yes	No	Yes	5%	10%	10%
General rule**	Yes	No	No	Yes	5%	10%	10%
Invoice rule	Irrelevant	Irrelevant	Yes	No	5%	5%	10%
Contract rule***	Yes	No	Irrelevant	Irrelevant	5%	5%	10%
Contract rule***	No	Yes	Irrelevant	Irrelevant	5%	10%	10%

**Notes** (\*Bahrain may or may not have a transitional relief period. The proposed VAT rate change effective date is 1 January 2022):

The table above is based on the KSA VAT increase transitional rules:

- KSA had a contract rule, invoice rule and transitional period.
- Announcement date in KSA was 11 May 2020. Bahrain has not yet made an official announcement.
- Transitional period in KSA was 1 July 2020 to 30 June 2021. Bahrain has not specified this.
- Interactions between contract rule and invoice rule, as well as apportionment issues will need to be considered.

\*\*Where conditions to apply contract rule cannot be met.

\*\*\*On the assumption that the customer is eligible to recover VAT in full (with evidence).

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## Invoicing considerations

Supply coverage period: 1 September 2021 to 31 August 2022  
 Proposed VAT rate change effective date: 1 January 2022

### Original tax invoice extract

Description	Amount in BHD
Value of supply	12,000.00
VAT @ 5%	600.00
Total amount payable	12,600.00

### Additional tax invoice extract (to be issued on 1 January 2022)

Description	Amount in BHD	VAT amount in BHD
Value of supply	12,000.00	
- Supply subject to VAT at 5% up to 31 December 2021 (12,000 x 4/12)	4,000.00	200.00
- Supply subject to VAT at 10% from 1 January 2022 (12,000 x 8/12)	8,000.00	800.00
Total VAT payable		1,000.00
- VAT already paid		(600.00)
Outstanding VAT to be paid		400.00
Total amount inclusive of VAT	13,000.00	

This document is for general information only and is not intended to address the circumstances of any particular scenario. Please seek professional advice in relation to your particular circumstances. To know more about how we can assist, contact us:



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