

Tax Alert



22 October 2025

Bahrain

National Bureau for Revenue's (NBR) VAT guides in 2025

Below is a summary of the updates issued by the NBR to various VAT guides in 2025. The updates seek to provide further clarity on various provisions of the VAT law and executive regulations.

VAT guide	Date of update	Relevant section	Updates
Return Filing Manual	February 2025	Issued new version (1.2) of VAT Return Filing Manual	Not applicable.
Imports and Exports	March 2025	Section 1.2: Export of goods	Exports of goods, when taking place in Bahrain, are subject to Bahrain VAT at the rate of 0%. The zero-rate allows Bahrain businesses selling goods at export to remain competitive: - Selling prices are not impacted by VAT (i.e. VAT is charged but at a rate of 0%); and - Businesses are able to recover VAT charged on expenses incurred relating to the goods exported. The application of VAT at the zero-rate on exports of goods is subject to certain conditions.
Imports and Exports	March 2025	New subsection under Section 1.2: Multiple supplies resulting in a single export	In cases where a single export is supported by two or more underlying sales of goods, only the final supply can be zero-rated.
TOGC	June 2025	Section 4.6: Incorporation of a natural person registered for VAT purposes	If a natural person registered for VAT purposes (e.g., an Individual Establishment) decides to incorporate their business and change to a legal entity (e.g., a W.L.L.), that transaction may qualify as a TOGC, and thus be treated as outside the scope of VAT, provided all TOGC conditions are met.
Healthcare	June 2025	Section 2.2: Lists of medicines and medical equipment	The NBR has provided an updated zero-rated list of medicines, medical equipment and other medical products.
Real Estate	June 2025	Section 4: Owners Associations	An owners' association will not be considered as carrying out an economic activity when performing its primary roles under Resolution 7 of 2018, such as:

			• Representing unit owners in legal or administrative proceedings. • Managing and maintaining the common parts of the property. • Preparing and approving annual budgets. • Invoicing and allocating maintenance cost among owners. However, if the association undertakes other services beyond those core / primary roles, in a regular and ongoing manner for the purpose of generating income, then those services will be considered part of an economic activity. In that case, the association may be required to register for VAT if its revenue from those non-core services exceed the mandatory registration threshold.
Retail and Wholesale	June 2025	Section 6.6: Raffle prizes	Raffle prizes given free to customers (e.g., cars, electronics) are treated as supplies subject to VAT if the input VAT incurred on the prize was claimed. In particular: • Raffle prizes provided without charge ... can be deemed supplies, subject to VAT if input VAT was claimed. • If the raffle winner is a non-resident, and the prize is exported, the supply may be zero-rated, subject to specific conditions."
Transportation	September 2025	Section 2.2: Definition of a "qualifying means of transport"	The updated guide clarifies which vehicles, ships, or aircraft qualify for transport services, and gives illustrative examples. This has reduced the ambiguity on whether a particular transport asset qualifies as a "qualifying means of transport", thereby impacting whether certain services qualify for VAT at the zero-rate.
Registration	September 2025	Section 4: NBR registration process Section 5: VAT Registration process Section 6: VAT Group registration process	The guide provides updated step-by-step guidance.

What should businesses do?

Review the updated guidance to ensure VAT treatments are being correctly applied and that their business is complying with their Bahrain VAT obligations.

For a detailed discussion on how the above updates may impact your business, [contact us](#).

Mubeen Khadir

Partner - Head of Tax & Corporate Service

T: +973 3222 6811

E: mubeenkhadir@kpmg.Com

kpmg.com/bh

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