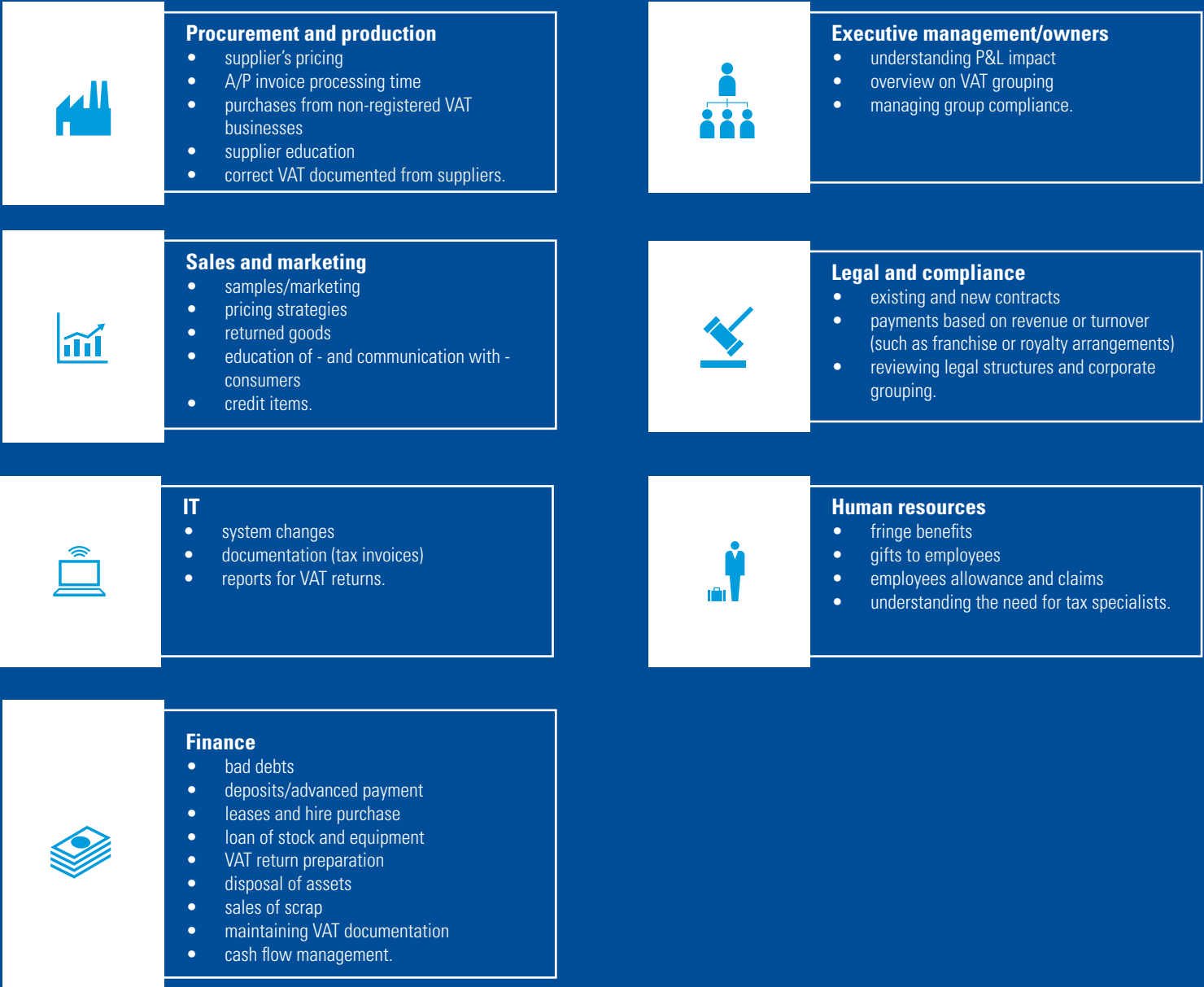


Introducing VAT

VAT will impact:



“The implementation of VAT may increase the cost of doing business. However, VAT should have a neutral impact on registered businesses when managed efficiently.”

Craig Richardson
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GCC VAT implementation roadmap – are you ready?

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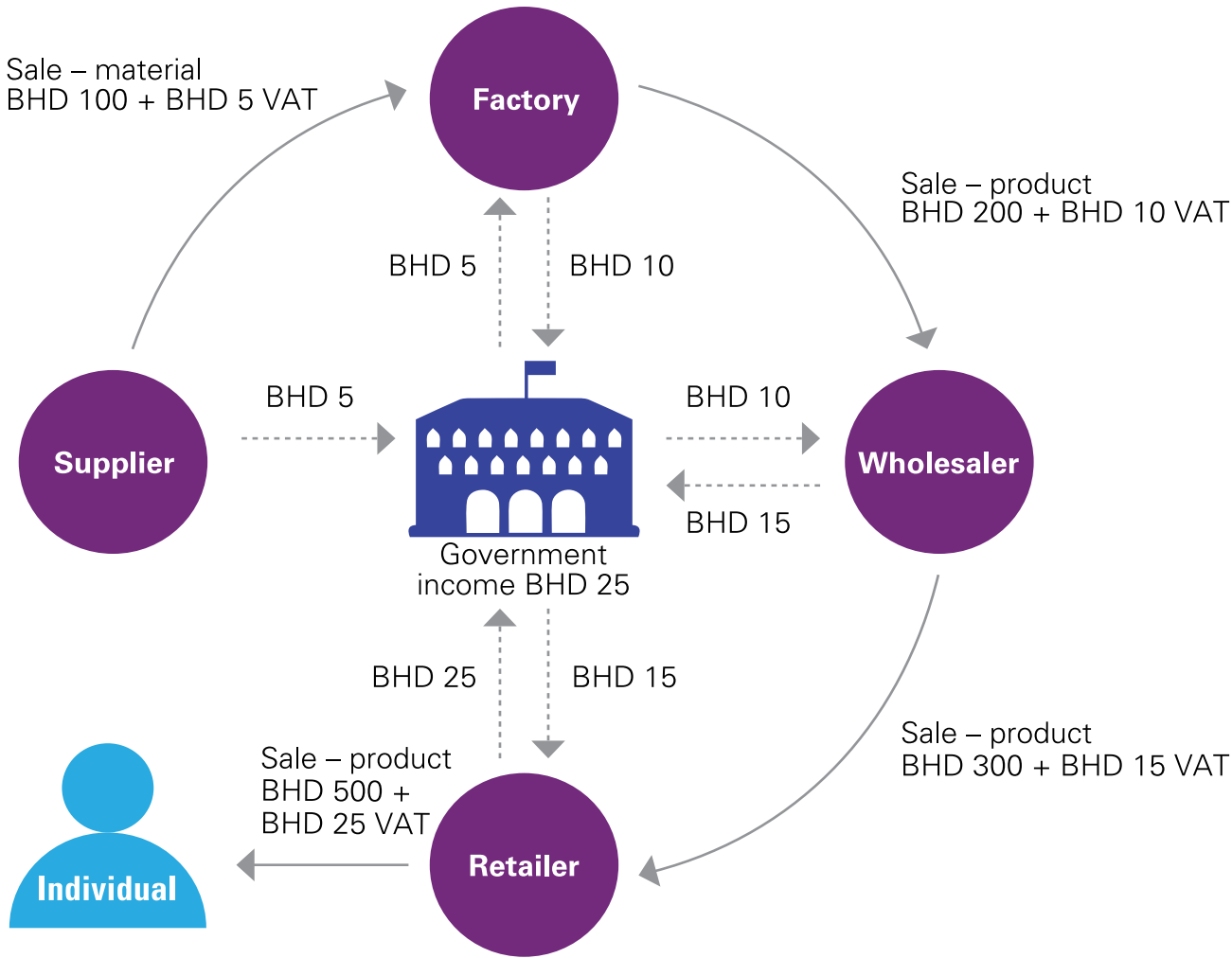
A brief introduction to VAT in the GCC

The GCC states have worked together to develop a broad framework to introduce Value-Added Tax (VAT). The framework agreement sets out the underlying principles of VAT laws for the six GCC countries.

Member states retain some flexibility, such as how to treat the healthcare and education sectors and economic free zones for VAT purposes. Various GCC member states have publicly announced that they will introduce VAT, with a proposed effective date of 1 January 2018. VAT is likely to significantly affect all businesses in Bahrain, directly or indirectly – and a mid-2018 start date leaves only a short window for businesses to prepare. **Will you be ready?**

While VAT is not intended to be a tax on business, collecting and remitting the tax to the government will have significant compliance costs and potential cash flow implications. Businesses need to review supply chains to understand the impact of VAT. VAT costs and accounting obligations will need to be identified so they can be addressed. There are also implications for IT systems. Adapting to VAT will mean updating or upgrading Enterprise Resource Planning (ERP) and IT systems and interfaces to correctly capture input and output VAT. Governance frameworks will also need to be reviewed and updated to ensure policies, processes and controls comply - and continue to comply - with VAT legislation.

How does VAT work?



*The example is calculated using a VAT rate of 5% on a taxable supply.

