

The background of the top section of the page is a photograph of a modern city skyline, likely Bahrain, with various skyscrapers and buildings. In the foreground, there is a body of water with a traditional wooden dhow boat. The text 'Indirect Tax Update' is overlaid on the water in a large, white, serif font.

Indirect Tax Update

Update on Bahraini VAT

The National Bureau for Revenue ('NBR') held a seminar today in which it provided further guidance on a number of VAT-related issues.

We have outlined below the key takeaways from this session for your perusal:

- **Tax Invoice Particulars:** The NBR has confirmed the obligation for taxable persons to ensure that the full address as per the VAT registration certificate is indicated on the Tax Invoice. However, the NBR has provided relief from compliance with this requirement for Tax Invoices received during the first quarter of 2019, provided all other required particulars are displayed on the Tax Invoice.
- **Relief from Tax Invoice Issuance:** The NBR has confirmed that the relaxation from issuance of a Tax Invoice for exempt margin-based financial services would also be extended to such margin-based financial services when they are zero-rated (due to the export conditions being met).
- **Rounding Rules:** Rounding of output tax amounts on electronic transactions is to be applied to the nearest Fils and is based on the sum of output tax from the multiple supplies on the Tax Invoice (Total Invoice rule). If this cannot be applied due to system limitations in displaying output tax amounts in more than three decimal places, the rounding of the output tax amounts shall be done at the level of each supply (Taxable Supply rule). Further, the taxable base should be reported in the VAT returns based on the rounded VAT amounts. In case of differences between the taxable base as per the system records and the taxable base reported in the return due to the above rounding rules, records should be maintained to explain the difference.
- **Input Tax Deduction on Motor Vehicles:** The NBR will soon release a decision on the mechanism for determining the proportion of input tax that may be deducted on expenses related to vehicles which are used for business as well as non-business use. In the meantime, taxable persons are expected to maintain documentation evidencing their basis of recovery.
- **Transfer of a Going Concern ('TOGC'):** Where a TOGC occurs, both the purchaser and the seller should notify the NBR within 30 days of the transfer. A form specifically made for this purpose will soon be available on the NBR's website.
- **Bank Statements:** A Bank Statement may be used as a valid Tax Credit Note or Debit Note (subject to the initial Tax Invoice which it relates to being a Bank Statement). While there is no requirement for the bank statement to have the label "Credit Note" or "Debit Note", the adjustment must be easily identified on the Bank Statement.
- **Self-billing:** A taxable person issuing tax invoices on behalf of a registered supplier under a self-billing arrangement may also issue Tax Credit Note provided they relate to tax invoices which were originally issued under the self-billing arrangement provided the self-billing agreement between the supplier and the customer provides for issuance of credit notes.

- **Bulk Post-Supply Discounts:** A single Tax Credit Note may be issued as long as the invoice numbers of all Tax Invoices which include the relevant transactions are indicated on the Tax Credit Note. An appendix to the Tax Credit Note which includes the details of the related Tax Invoices will be acceptable provided such appendix expressly forms part of the Tax Credit Note.
- **Correction of Tax Invoices:** If a Taxable Person issues a Tax Invoice for a standard-rated supply and later discovers that the supply should have been zero-rated, this should be corrected through cancelling the Tax Invoice by way of a Tax Credit Note and reissuing another proper Tax Invoice. The same correctional measure should be applied if a Tax Invoice is issued for a zero-rated supply which is later discovered to be standard-rated.
- **VAT Grouping:** The Group TRN must be used by a company that joins a Tax Group. The company's old TRN will be considered dormant with no requirement to deregister.
- **Deferring Payment of VAT on Imports:** The NBR has indicated that the option for taxable persons to defer payment of VAT on imports will not be available in the near future.
- **NBR VAT Guides:** The NBR has indicated that the Transport Guide, Oil and Gas Guide, and the Basic Food and Retail Guide will soon be published on the NBR's website. Additionally, the NBR will publish an updated Import and Export Guide.

You may reach out to your respective Project Manager in case of queries on any of the above.

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

Philippe Norre
Partner
T: +973 17201400
E: pnorre@kpmg.com
KPMG Fakhro

Ali AlMahroos
Senior Manager
T: +973 17201459
E: aalmahroos@kpmg.com
KPMG Fakhro

Adria Bugeac
Manager
T: +973 17201403
E: abugeac@kpmg.com
KPMG Fakhro

Maciej Turzanski
Manager
T: +973 17224388
E: maciejturzanski@kpmg.com
KPMG Fakhro

Insha Jairumi
Manager
T: +973 17222364
E: inshajairumi@kpmg.com
KPMG Fakhro

Nik Faiziman Affandi
Manager
T: +973 17201457
E: naffandi@kpmg.com
KPMG Fakhro

[Privacy](#) | [Legal](#)

INTERNAL USE ONLY

©2019 KPMG Fakhro, a Bahrain partnership registered with the Ministry of Industry, Commerce and Tourism (MOICT), Kingdom of Bahrain and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

kpmg.com/bh

