

# KINGDOM OF BAHRAIN

## VAT REGISTRATION GUIDE

JANUARY 2019

**VERSION 1.3**

*Updated on: 29 January 2019*



المجهاز الوطني للإيرادات

National Bureau for Revenue

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# 1. Introduction

## 1.1. Purpose of this Guide

This document provides guidance on registration for Value Added Tax (VAT) in the Kingdom of Bahrain (Bahrain).

The main aim of this document is to provide the reader with:

- An overview of the rules around VAT registration in Bahrain;
- What you need to do to ensure that you comply with these rules; and
- Guidance on how to complete your VAT registration application.

This guide is intended to provide general information only, and contains the current views of the National Bureau for Revenue (NBR) on its subject matter. No responsibility is assumed for the VAT laws, rules or regulations in the Kingdom of Bahrain. This Guide is not a legally binding document, and does not commit the National Bureau for Revenue or any taxpayer in respect of any transaction. This document should be used as a guideline only and is not a substitute for obtaining competent legal advice from a qualified professional.

## 1.2. About the National Bureau for Revenue (NBR)

The National Bureau for Revenue (NBR) is the government body responsible for the implementation and administration of VAT in Bahrain. The NBR is responsible for the registration of taxpayers and their tax liability, the validation of VAT return filing and the related assessment, the payment of refunds and collection of any amount due, the auditing and processing of any appeal and the monitoring and enforcement of compliance.

## 1.3. Bahrain legal framework for VAT

VAT in Bahrain is codified under the following texts:

- The Unified Agreement for Value Added Tax of the Cooperation Council for the Arab States of the Gulf (the Framework) contains the VAT general principles and rules agreed at GCC level. The Framework was ratified in Bahrain by Decree-Law No. (47) for the year 2018
- Decree-Law No. (48) for the year 2018 regarding Value Added Tax (the VAT Law) provides the main rules and principles relating to VAT in Bahrain
- Resolution No. (12) for the year 2018 on the issuance of the Executive Regulations of the Value Added Tax Law issued under Decree-Law No. (48) for the year 2018 (the Executive Regulations) provide further details on the application of the VAT Law

The NBR may publish documents to provide guidance and/or clarify specific points relating to VAT rules. This may include guides like this one as well as public clarifications and interpretations of the VAT Law and the Executive Regulations.

## 2. Value Added Tax (“VAT”)

Sections 2.1 and 2.2 summarize the main aspects of VAT. Please consult the VAT General Guide for further detail.

### 2.1. Background

VAT is an indirect tax on consumer spending – collected on supplies of goods and services as well as on imports of goods and services into Bahrain.

As a tax on consumption, VAT is paid and collected at every stage of the supply chain, with end consumers of goods and services bearing the cost.

Bahrain will be the third of the Gulf Cooperation Council (GCC) states to introduce VAT, following the 2016 Unified VAT Agreement for the GCC states, which established the basis of a coordinated implementation approach across members.

The agreed VAT rate across all GCC Member States will be 5%.

### 2.2. How does VAT work?

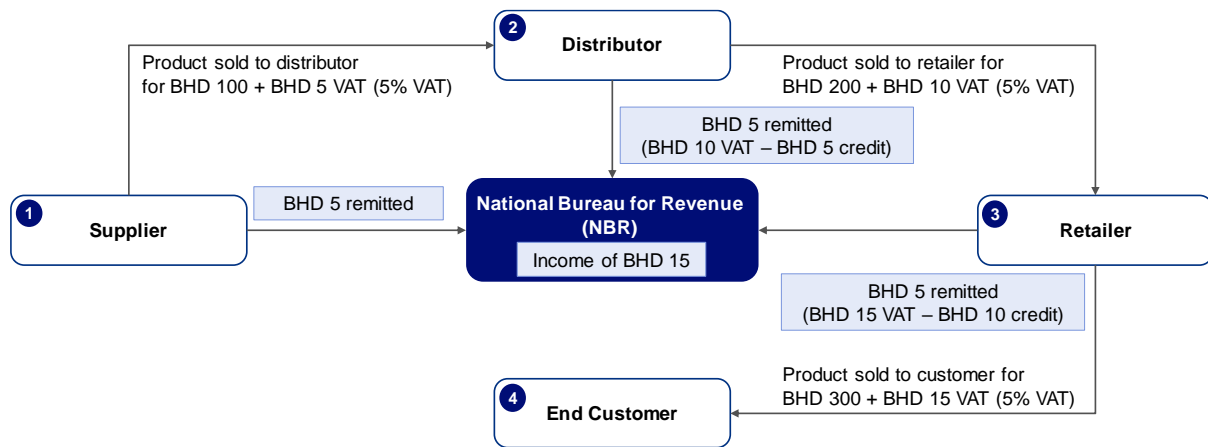
If, as a VAT registered person, you make taxable supplies (i.e., supplies of goods or services subject to VAT), you must charge VAT on your supplies, and pay it to the NBR. This is your “output tax”.

The VAT charged by your suppliers on your business expenses and the VAT you pay on your imports of goods and services is your “input tax”.

As a VAT registered person, you can reclaim from the NBR the input tax incurred on your purchases and imports to the extent that these expenses and imports are used to make taxable supplies. You cannot reclaim the VAT incurred on expenses used for a non-business activity or for making exempt supplies (i.e., supplies of goods or services that are not subject to VAT due to a specific VAT exemption).

On a regular basis, you will file a tax return to the NBR and pay the excess of your output tax over your input tax. If your input tax exceeds your output tax, you can ask for a refund of this difference from the NBR or you can carry it forward as a credit to use against future VAT liabilities.

**Figure 1: VAT collection flow**



### 3. Taxable persons and VAT registration

The persons concerned by VAT registration in Bahrain are those who meet the criteria to qualify as “taxable persons” and are therefore required to account for VAT in Bahrain on their supplies of goods and services and/or on their purchases.

#### 3.1. Am I a taxable person?

A “taxable person” is:

“A Person carrying out an Economic Activity independently for the purposes of generating income and who is registered or obliged to register for Tax purposes in accordance with the provisions of this Law.”

In order for you to determine if you are a taxable person, you must assess whether you meet all the criteria set out in the definition of “taxable person”:

a. You are a person

The VAT Law defines a person as any natural or legal person, whether public or private, or any other form of a partnership.

Examples of “person” include individual traders (establishments), companies (whether private or public), partnerships, charities and government bodies. In addition, it includes individual professionals such as doctors, lawyers, architects, etc.

b. You carry out an economic activity independently for the purpose of generating income

An economic activity is an activity that is conducted in an ongoing and regular manner for the purpose of generating income, and includes commercial, industrial, agricultural or professional activities or services or any use of tangible or intangible assets, and any other similar activity.

You must determine if you are performing a regular and ongoing economic activity with the aim of generating income. A one-off transaction is not an economic activity. Further, it is not necessary that the activity is profitable for it to be an economic activity. It is enough if the activity is conducted for the purposes of generating income.

Government bodies and public entities are usually not considered as carrying on an economic activity when they are acting in their sovereign capacity. However, they may also carry out some activities which typically fall within the economic sphere and are in competition with the private sector. If it is the case, such government bodies and public entities may be considered as taxable persons if the other conditions are met.

A charity may be seen as conducting an economic activity even if its aim is not to make any profit. If a charity engages in commercial transactions and receives an income as a result, this could be an economic activity. Activities conducted with a charitable or philanthropic purpose and which are the reserved domain of appointed charities would generally not be an economic activity and charities solely conducting these types of activities do not meet the conditions to be regarded as “taxable persons”.

Charities which also conduct activities that are commercial in nature (e.g., collecting used clothes and goods in order to recycle and sell them in charity shops) will be considered as carrying out an economic activity and may qualify as “taxable persons”, subject to all the other conditions to qualify as such being met. The fact that these activities are not conducted with the aim of making any profit or to raise money for the main purpose of the charity is not relevant.

An economic activity must be carried out in an independent manner. This condition mainly excludes employees (and persons in acting in a similar relationship with the same characteristics) from the scope of the definition of taxable person. When carrying out their duties under their employment contract, employees are not considered as performing an economic activity in an independent way. They are acting upon instructions and under the directions of their employer. Employees therefore cannot be taxable persons when acting in their capacity as employees.

Taxable persons can register either on a mandatory or voluntarily basis, as explained in in sections 4 and 5, respectively.

### **3.2. Who needs to consider VAT registration?**

The obligation to register applies for both resident persons in Bahrain and non-resident persons that have economic activity in the Kingdom.

The VAT registration will allow these persons to be identified with the NBR as “taxable persons” which are duly authorized to account for VAT in Bahrain and remit this VAT to the NBR. It will also allow these “taxable persons” to claim the recovery of the VAT charged on their expenses (to the extent they are entitled to do so).

If a person is required to register, he should apply to the NBR for registration using the NBR website (please consult section 6 for additional information). It is the responsibility of the person to identify whether he is required to register for VAT and, if so, from when. The NBR may register taxpayers automatically without their consent if they fail to register within the timeframe specified by the VAT legislation. In these cases, late registration penalties may be imposed.

If you are not required to register for VAT, you may still be in a position to register in Bahrain on a voluntary basis (please consult section 7 for additional information).

If you do not meet the conditions for a mandatory or voluntary registration, you cannot register for VAT in Bahrain. You will therefore be considered as a non-taxable person, and as a result will not be able to charge VAT on your supplies of goods and services nor will you be able to recover the VAT charged on your expenses (i.e. considered as a “final consumer”).

The VAT Law and the Regulations cover the cases where a VAT registration is mandatory in Bahrain. The conditions differ depending on whether you are a business resident in Bahrain or not.

## 4. Mandatory registration

Different rules apply depending on whether the business is resident in Bahrain or non-resident. Sections 4.1 and 4.2 provide further detail on these rules, respectively.

### 4.1. You are a business resident in Bahrain

#### 4.1.1. Registration during the transitional period (2019)

The year 2019 is a transitional year for VAT in Bahrain. In this respect, specific rules have been put in place. This section intends to give you the tools to anticipate and prepare your business to become VAT compliant from 1 January 2019.

In sum, the transitional period will have phased mandatory VAT registration with three registration deadlines: 20 December 2018, 20 June 2019 and 20 December 2019. In this respect, mandatory registration requirements have been defined as follows:

##### Mandatory VAT registration on 1 January 2019

- Taxable persons with annual supplies exceeding or expected to exceed BHD 5,000,000 must register for VAT with an effective date of 1 January 2019
- Taxable persons with annual supplies exceeding or expected to exceed BHD 18,750 but lower or equal to BHD 5,000,000 may still register for VAT with an effective date of 1 January 2019

Registration applications have to be submitted to the NBR no later than by 20 December 2018. The submission of the application on time is not enough to be considered as a taxable person. The NBR has to review the application and it is only when an application is approved and a registration certificate is issued that a person will be considered as a taxable person.

##### Mandatory VAT registration on 1 July 2019

- Taxable persons with annual supplies exceeding or expected to exceed BHD 500,000 but lower or equal to BHD 5,000,000 must register for VAT with an effective date of 1 July 2019
- Taxable persons with annual supplies exceeding or expected to exceed BHD 18,750 but lower or equal to BHD 500,000 may still register for VAT with an effective date of 1 July 2019

Registration applications have to be submitted to the NBR no later than by 20 June 2019.

##### VAT registration during the year 2019

- Taxable persons exceeding the BHD 5,000,000 threshold during 2019 (where they did not forecast exceeding this threshold) must register for VAT
  - Within 30 days of the last day of the month where they exceeded the threshold; or
  - Within 30 days prior to the first day of the month where they expect to exceed the threshold.



- Taxable persons exceeding the BHD 500,000 threshold after 1 July 2019 (where they did not forecast exceeding this threshold) must register for VAT
  - Within 30 days of the last day of the month where they exceeded the threshold; or
  - Within 30 days prior to the first day of the month where they expect to exceed the threshold.
- Taxable persons with forecasted annual/actual value of supplies exceeding the BHD 18,750 threshold but below the BHD 5,000,000 threshold during 2019 (where they did not forecast exceeding this threshold) may register for VAT with an effective date in 2019.

### VAT registration on 1 January 2020

- Taxable persons exceeding the mandatory registration threshold of BHD 37,500 on 1 January 2020 (based either on the 12 previous months test or on the 12 upcoming months test) will be required to register with an effective date of 1st January 2020.

Registration applications have to be submitted to the NBR no later than by 20 December 2019.

The previous information is summarized in Figure 2.

**Figure 2: Mandatory registration phasing and thresholds**

		2019 ('transitional period')		2020 and onward
Registration deadline		Dec 20 <sup>th</sup> 2018	June 20 <sup>th</sup> 2019	Dec 20 <sup>th</sup> 2019
Mandatory Registration	Annual Supplies in BHD	> 5,000,000	> 500,000	> 37,500

Businesses who are below these two thresholds for 2019 but above the voluntary registration threshold of BHD 18,750 are entitled to register for VAT from 1 January 2019 or during the year of 2019, if they wish so. Please consult section 5 for additional information on voluntary registration.

#### 4.1.2. Registration on 2020 and onward

When you are resident in Bahrain and meet the criteria to qualify as a taxable person, you are required to register for VAT if:

- The amount of your annual supplies during the previous 12 months exceeds the threshold of BHD 37,500; or
- The amount of your annual supplies to be provided in the next 12 months is expected to exceed the threshold of BHD 37,500.

If you exceed the mandatory registration threshold under one of the above, you must apply to the NBR for VAT registration within 30 days starting from the last day of the month where you exceeded the mandatory threshold or within 30 days prior the first day of the month where you expect to exceed the mandatory threshold. Late application for registration may result in the application of penalties of up to BHD 10,000.

#### 4.1.3. How to compute if you exceed the mandatory registration threshold

In determining whether you are exceeding the mandatory registration threshold, the following must be taken into account:

##### Taxable supplies excluding capital assets

The value of your supplies of goods and services made in Bahrain (i.e. your supplies subject to VAT at the zero-rate or standard rate), including your deemed supplies but excluding the disposal of your capital assets.

##### Intra-GCC supplies

When Bahrain and other GCC member states recognize each other as Implementing States for VAT purposes, the value of your Intra-GCC supplies to another Implementing State which would have been subject to VAT in Bahrain if made in Bahrain will need to be added to the above to determine if you are above the mandatory registration threshold. However, this is not applicable until further notice.

##### Value of taxable supplies of goods and services made by related persons

The value of the supplies of goods and services (computed as above) made by related persons should also be added together when computing the mandatory VAT registration threshold.

For the purposes of VAT, persons are considered as related where one has the authority to direct and supervise the other(s), where he holds an administrative authority enabling him to influence the work of the other person(s) from a financial, economical or organizational perspective. This includes persons under the authority of a third person who may influence their work from a financial, economical or organizational perspective. Further detail on control conditions can be found in section 7 of this Guide.

If this combined value exceeds the mandatory registration threshold in cases where a business has been segregated to avoid a mandatory VAT registration, then all of the related parties must register for VAT (even where each of them, taken on a stand-alone basis, do not meet the mandatory registration threshold).

##### Goods and services supplied to you accounted for under the reverse charge

The value of the goods and services supplied to you and for which you are liable to account for VAT in Bahrain under the reverse charge mechanism.

#### 4.1.4. Exception from mandatory VAT registration

If you only supply goods or services which are subject to the zero-rate of VAT, and you do not receive services or goods for which you are liable to account for standard rated VAT under the reverse-charge mechanism, you can apply to the NBR for an exception to register for VAT if your zero-rated supplies exceed the mandatory threshold for registration.

If you apply for an exception from VAT registration and this is approved by the NBR, you will not be considered as a taxable person. You will not be entitled to charge VAT on your supplies and you will not be able to recover the VAT incurred on your business expenses (i.e., you will be treated as an end-consumer).

If you have an exception from VAT registration, you must apply to register for VAT with the NBR as soon as you stop meeting the opt-out conditions. You must apply within 30 days from the day you stopped meeting the opt-out conditions. A late application may result in the application of penalties of up to BHD 10,000.

#### 4.2. You are a non-resident conducting business in Bahrain

A non-resident person is a person who does not have a place of residence in Bahrain by way of a place of business, fixed establishment or a usual place of residence, as defined by the VAT Law.

If you are a non-resident taxable person, you must register for VAT in Bahrain as soon as you start making taxable supplies in Bahrain where no one else is liable to account for the VAT due on your supplies. This is generally the case when you supply taxable goods or services in Bahrain to non-VAT registered businesses or end-consumers.

There is no minimum registration threshold for non-resident persons. Making a supply of BHD 1 to a non-registered customer will result in an obligation to register.

##### Use of a tax representative

If you decide to register for VAT through a tax representative, you may appoint a person resident in Bahrain, duly approved by the NBR, to act as tax representative, by way of an official power of attorney.

A tax representative will be held jointly and severally liable for any VAT related liabilities of the taxable person he is representing. For example, if a filing deadline for a tax return is missed or a payment of VAT is omitted, the tax representative can be held responsible for the late submission and the outstanding tax amount and applicable penalties to be paid to the NBR.

## 5. Voluntary registration

Taxable persons who are not required by law to register for VAT in Bahrain (i.e., because their supplies do not exceed the mandatory registration threshold) can still decide to register for VAT on a voluntary basis subject to:

- Their amount of annual supplies<sup>1</sup> and/or annual expenses<sup>2</sup> in Bahrain exceeds the voluntary registration threshold of BHD 18,750 in the previous 12 months; or
- Their amount of annual supplies<sup>1</sup> and/or annual expenses<sup>2</sup> in Bahrain is expected to exceed the threshold of BHD 18,750 in the next 12 months.

When you apply for a VAT registration on a voluntary basis, the effective date of your registration is the date of approval of the registration by the NBR. You must remain registered for at least 24 months before being able to ask for voluntary deregistration.

Prior to voluntary registration, persons are not entitled to charge VAT on its supplies and cannot recover the VAT incurred on business expenses (i.e., it is treated as an end-consumer). Any person who charges VAT without being registered or before being effectively registered for VAT may be subject to penalties.

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<sup>1</sup> Annual supplies here have to be understood in the same way as for the purpose of computing the mandatory VAT registration threshold.

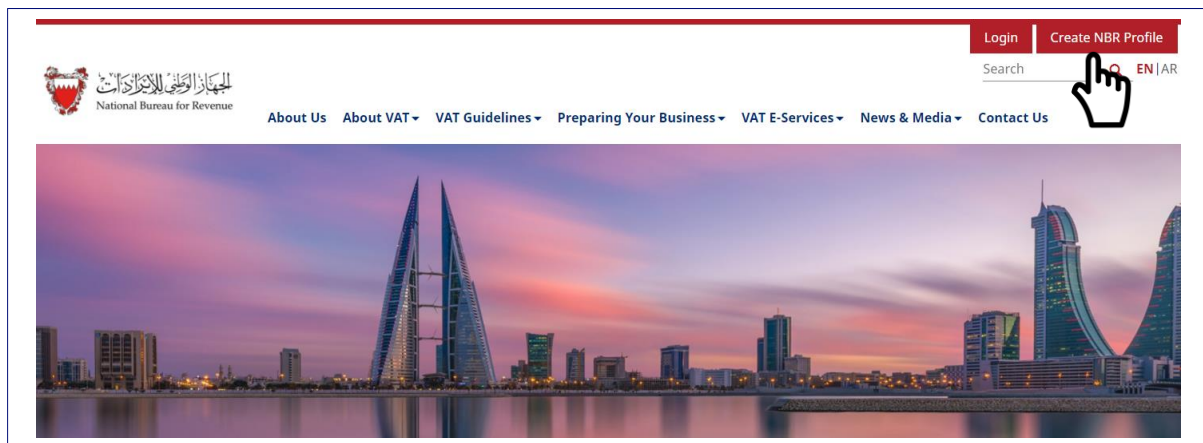
<sup>2</sup> Annual expenses mean business expenses subject to VAT in Bahrain at the rate of 5% or at the rate of 0%.

## 6. Registration process

In order to register for VAT, you must follow five key steps:

1. Create an NBR profile.

**Figure 3: Creating a profile ('Step 1')**



2. Populate the NBR form and specify your information – which can be accessed using the following link: <https://www.nbr.gov.bh/form>. Required information includes:
  - Taxpayer details (legal name, legal form, address, contact details, VAT eligibility date, etc.)
  - Commercial registration details (CR Number, CR date, subsidiary details, sector, etc.)
  - Financial information (annual value of supplies, expenses, imports and exports)
  - Registrant details (name, identification number, DOB, job title, etc.)

**Figure 4: Filling the form ('Step 2')**

I agree with the conditions and would like to proceed with the application. \*

**VAT Profile Details**

**Taxpayer Legal Name \***

**Are You Resident in the Kingdom of Bahrain? \* ⓘ**

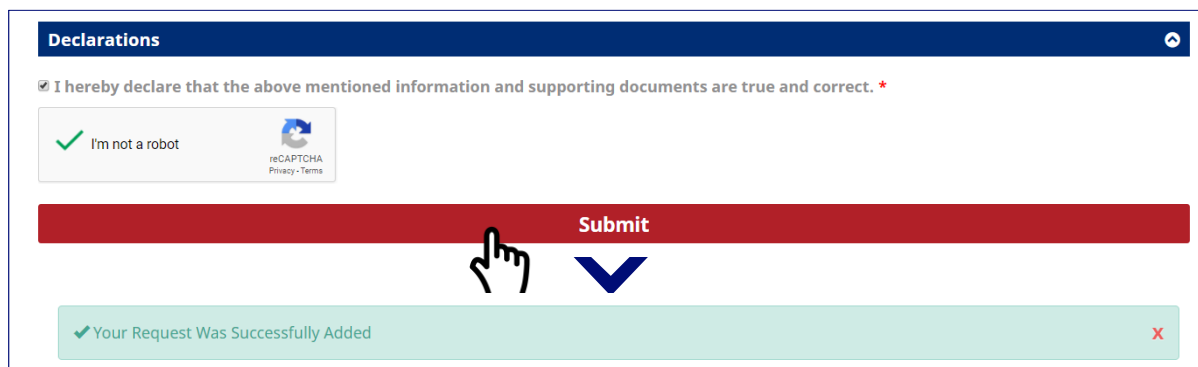
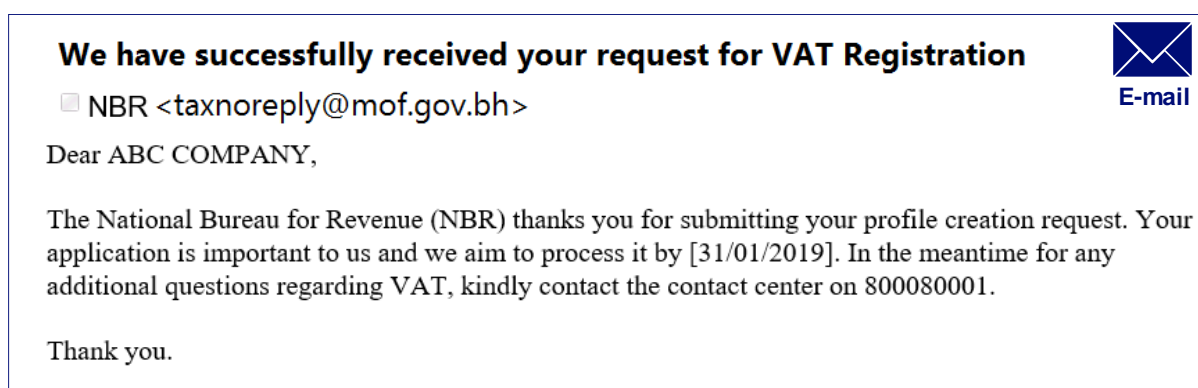
Yes

No

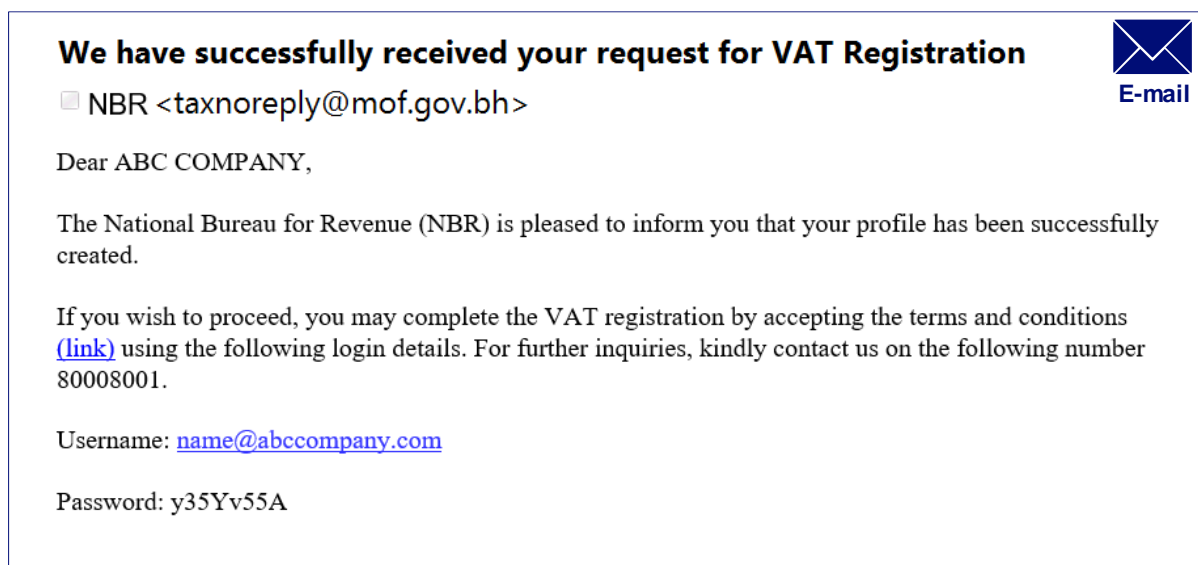
**Entity Legal Form \***

**Trade Name**

3. Submit your profile creation request. You should be receiving an e-mail from NBR confirming that your application was received and being processed.

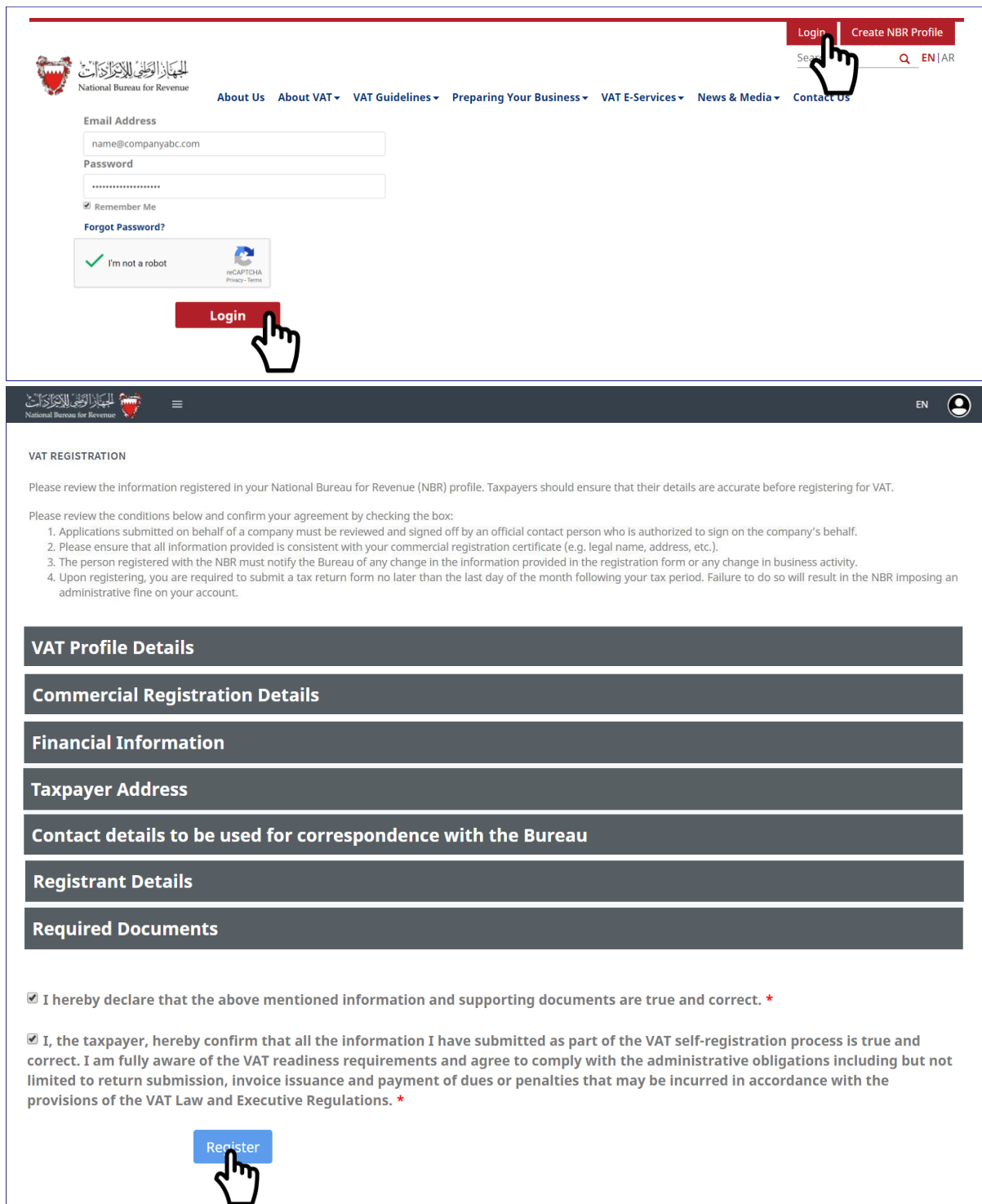
**Figure 5: Submitting the profile creation request ('Step 3')**



- If your NBR profile is approved, you will be provided with login details to access the registration form.

**Figure 6: Login details ('Step 4')**


- Complete the registration form in a “single click” – which can be accessed using the following link: <https://www.nbr.gov.bh/login>

**Figure 7: Completion ('Step 5')**



**Figure 7: Completion ('Step 5')**

The screenshot displays the final step of the VAT registration process on the National Bureau for Revenue (NBR) website. The top navigation bar includes links for 'Login' and 'Create NBR Profile'. The main content area is divided into two sections:

- Login Section:** Contains a form with fields for 'Email Address' (pre-filled with 'name@companyabc.com') and 'Password'. It also features a 'Remember Me' checkbox, a 'Forgot Password?' link, and a reCAPTCHA 'I'm not a robot' checkbox. A red 'Login' button is highlighted with a hand cursor.
- VAT REGISTRATION Section:** Contains a disclaimer and a list of conditions:
  1. Applications submitted on behalf of a company must be reviewed and signed off by an official contact person who is authorized to sign on the company's behalf.
  2. Please ensure that all information provided is consistent with your commercial registration certificate (e.g. legal name, address, etc.).
  3. The person registered with the NBR must notify the Bureau of any change in the information provided in the registration form or any change in business activity.
  4. Upon registering, you are required to submit a tax return form no later than the last day of the month following your tax period. Failure to do so will result in the NBR imposing an administrative fine on your account.
 Below the conditions are several dark grey boxes representing registration details:
  - VAT Profile Details
  - Commercial Registration Details
  - Financial Information
  - Taxpayer Address
  - Contact details to be used for correspondence with the Bureau
  - Registrant Details
  - Required Documents
 At the bottom of this section, there are two checked checkboxes:
  - I hereby declare that the above mentioned information and supporting documents are true and correct. \*
  - I, the taxpayer, hereby confirm that all the information I have submitted as part of the VAT self-registration process is true and correct. I am fully aware of the VAT readiness requirements and agree to comply with the administrative obligations including but not limited to return submission, invoice issuance and payment of dues or penalties that may be incurred in accordance with the provisions of the VAT Law and Executive Regulations. \*
 A blue 'Register' button is highlighted with a hand cursor.

When the NBR processes and completes your registration, you will receive a VAT registration certificate confirming your registration and your VAT account number (also referred to as your Tax Registration Number (TRN)). This certificate must be placed in a visible spot of your establishment(s).

Figure 8: VAT registration certificate



الجهاد الوطني للإيرادات  
National Bureau for Revenue

**VAT Registration Certificate**  
شهادة تسجيل ضريبة القيمة المضافة



Hereby, the National Bureau for Revenue certifies the effective registration date for the taxpayer below as DD/MM/YYYY

يقر الجهاز الوطني للإيرادات بأن المكلّف ادناه مسجل في ضريبة القيمة المضافة من تاريخ  
يوم/شهر/ سنة

Taxpayer Information:		معلومات المكلّف:
CR Number	999999	رقم السجل التجاري
Taxpayer Name:	TP Name 1	اسم المكلّف
Taxpayer Address:	TP Address 1	عنوان المكلّف

Registration:		التسجيل:
VAT Account Number:	200000000000002	رقم حساب ضريبة القيمة المضافة
VAT Registration date:	22/12/2018	تاريخ التسجيل

This certificate is sent from an automated system and does not require a signature  
هذه الوثيقة مرسلّة من النظام الآلي ولا تحتاج إلى توقيع

Please ensure that the details on this certificate are correct. You must inform the National Bureau for Revenue of any change on the basis of which you obtained your VAT account number. NBR reserves the right to deregister you for VAT purposes based on the evidence of your non-compliance with registration or deregistration criteria  
يرجى التأكّد من صحّة تفاصيل هذه الشهادة. ويجب إبلاغ الجهاز الوطني للإيرادات بأيّ تغيير بشأن حصولك على رقم ضريبة القيمة المضافة ولأغراض ضريبة القيمة المضافة؛ يحتفظ الجهاز بحق إلغاء تسجيلك في حال ثبوت عدم امتثالك للمعايير



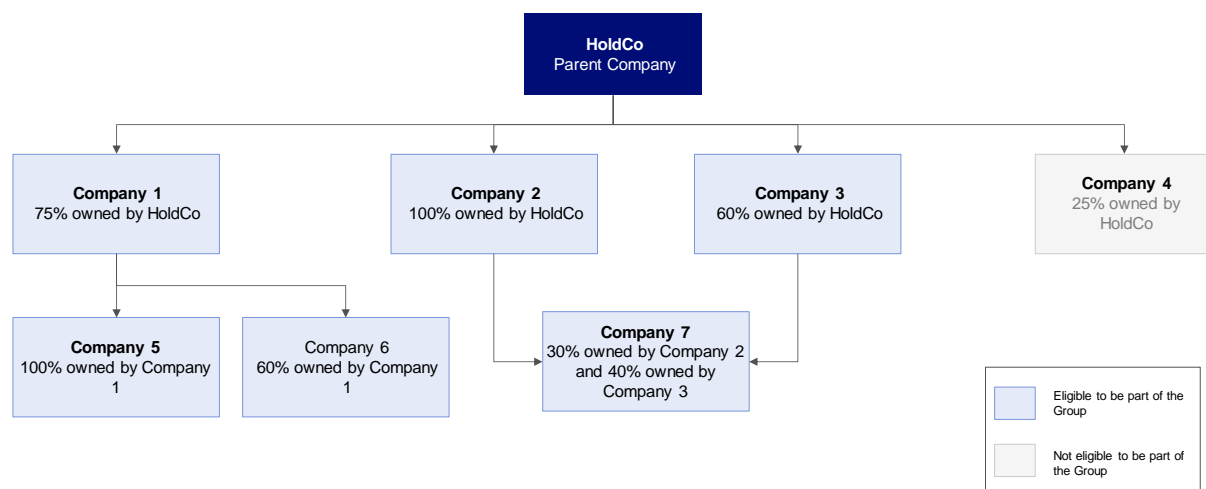
## 7. Tax group registration

Tax group registration will be available in the course of 2019 if the persons applying meet the following criteria:

- All must be conducting an economic activity
- All must be resident in Bahrain
- All must be registered for Tax purposes
- All must be related based on meeting the following control conditions:
  - Two or more persons act in a formal partnership arrangement<sup>3</sup> that meets at least one the following control criteria:
    - A voting interest, in each of those entities, of at least 50% either directly or indirectly
    - A market value interest, in each of those entities, of at least 50% either directly or indirectly
    - Control by any other means<sup>4</sup>

The following is an illustrative example of tax group ownership registration:

**Figure 9: Group registration control (illustrative)**



In addition to the above, the persons applying need to provide evidence<sup>5</sup> that all of the group registration requirements mentioned above are being met.

<sup>3</sup> Unless a formal arrangement has been entered into between partners, evidence of the informal nature of the arrangement and the ability for the parties concerned to exercise control will be required.

<sup>4</sup> It is worth noting that common ownership does not necessarily mean that the owner is a member in the Tax group.

<sup>5</sup> For example, group structure including details of shareholdings in subsidiary companies.

If the persons are unsure whether they meet the requirements mentioned above but consider relevant ties exist for them to be regarded as a group, they may still apply for tax group registration. The NBR will evaluate these applications on a case by case basis.

## 8. Non-compliance with registration obligations

If you are required to register for VAT, but have not done so by the relevant deadline, the NBR may automatically register you from the date on which you should have been registered.

You will be required to account for all the VAT due on your supplies and acquisitions of goods and services from your effective date of registration.

If you do not register within 60 days from the registration deadline, the NBR may apply administrative penalties of up to BHD 10,000.

If you do not register within 120 days from the registration deadline, you may be convicted for tax evasion.

## 9. De-registration

If you no longer meet the criteria to be registered for VAT, you must de-register. A request for de-registration should be made on the NBR's portal.

You will remain a taxable person, liable for all your VAT obligations until the NBR approves your de-registration and notifies you of your effective de-registration date.

### 9.1. Mandatory de-registration

If you are registered for VAT in Bahrain, you must de-register within 30 days of any of the following events occurring:

**Table 1: De-registration cases**

You are	You must de-register
Resident / Non- resident	<ul style="list-style-type: none"> <li>If you no longer carry out an economic activity in Bahrain; or</li> <li>If you have not made any taxable supplies for a period of 12 consecutive months</li> </ul>
Resident	<ul style="list-style-type: none"> <li>If the total value of your annual supplies<sup>6</sup> and annual expenses<sup>7</sup> in the last 12 months is below the voluntary registration threshold; and</li> <li>The total value of your annual supplies<sup>6</sup> and annual expenses<sup>7</sup> is not expected to exceed this threshold in the next 12 months</li> </ul>

### 9.2. Voluntary de-registration

#### Residents

You may apply to the NBR to de-register on a voluntary basis if:

- The value of your annual supplies during the last 12 months is below the mandatory registration threshold (BHD 37,500) but, together with your annual expenses, exceed the voluntary registration threshold (BHD 18,750); and
- The value of your expected annual supplies in the upcoming 12 months is below the mandatory registration threshold (BHD 37,500) but they, together with your annual expenses, exceed the voluntary registration threshold (BHD 18,750).

A person who registered for VAT on a voluntary basis may not de-register on a voluntary basis until he has been registered for at least 24 months.

#### Non residents

A non-resident person may not choose to de-register on a voluntary basis.

<sup>6</sup> Annual supplies have to be understood in the same way as for the purpose of computing the mandatory VAT registration threshold.

<sup>7</sup> Annual expenses mean business expenses subject to VAT in Bahrain at the rate of 5% or at the rate of 0%.

