

KINGDOM OF BAHRAIN

VAT RETURN MODIFICATIONS

ADJUSTMENTS, CORRECTIONS, SELF-AMENDMENTS AND NBR ASSESSMENTS

JULY 2019

VERSION 1.1



الجهاز الوطني للإيرادات
National Bureau for Revenue

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1. MANUAL OVERVIEW

The purpose of this Manual is to provide VAT payers with:

- An overview of the VAT rules and procedures in Bahrain in relation to VAT return modifications, initiated by a VAT payer or by the National Bureau for Revenue (NBR); and
- The necessary guidance to help them navigate the NBR online portal and forms used to modify VAT returns (adjustments, corrections and self-amendments).

This Manual is intended to provide general information only and does not represent exhaustive or legally binding guidelines. For additional information, kindly contact your VAT Relationship Manager (RM) or refer to “VAT Guidelines” on the NBR website using the following link: https://www.nbr.gov.bh/vat_guideline. You can also contact NBR’s Contact Centre via email or the VAT hotline, details of which can be found under “Contact us” on the NBR website.

2. VAT RETURN MODIFICATIONS

If an adjustment is required or an error is found in the details submitted in a VAT return, it is the responsibility of the VAT payer to notify NBR and modify this information. Such modifications must occur within the 5-year statute of limitations as prescribed in the VAT Law.

Two common reasons for modifying a VAT return following its original submission are:

1. **A change in a previously recorded business transaction** – This would occur when the information reported in a VAT return was valid at the time of submission but has since altered.

Non-Exhaustive Examples:

- An unsatisfied customer returns purchased goods, triggering the issue of a credit note
- Goods received are damaged, triggering a change in the acquisition costs, and the receipt of a credit note
- Confirmed non-payment or bad debt case
- Adjustment of input VAT on capital assets

2. **An internal error** – VAT payer made a mistake in reporting transactions in the original VAT return.

Non-Exhaustive Examples:

- Understatement of deductible input VAT where certain purchase invoices are not included for a given VAT period
- Overstatement of VAT where a value of 146,573 is reported incorrectly as 164,573 on the VAT return
- Wrongful treatment of a supply where it was zero rated instead of standard rated




Note that NBR reserves the right to conduct an assessment of a submitted VAT return. Please refer to Section 4 of this Manual for additional information.

3. HOW CAN VAT RETURNS BE MODIFIED?

A change in a previously recorded business transaction should be modified by means of adjustment, while internal errors should be modified through corrections or self-amendments.

All such modifications should be completed via the NBR online portal.

Means of modification

Change in business transaction	 Adjustment	
Internal error	 Correction	 Self-Amendment
	Applied to the relevant VAT return as outlined in 3.1 and 3.2	Modification applied to the original VAT return

Sections 3.1-3.2 of this Manual will provide step-by-step guidance for each process of modification on the portal.

3.1. Adjustments

Adjustments due to a change in a previously recorded business transaction must be done in the VAT return of the VAT period during which the change occurred. For example:

- In Q1, a registered VAT payer sells goods to a customer and reports the sale
- In Q3, the customer returns the purchased goods to the VAT payer
- The VAT payer records the return of goods as an adjustment in the Q3 VAT return

If the adjustment is not made during the relevant VAT period, the VAT payer must then submit a correction or self-amendment to modify the error. Note that for the purpose of adjusting input VAT on capital assets, this should be reported in accordance with the provisions of VAT Law Article 60.

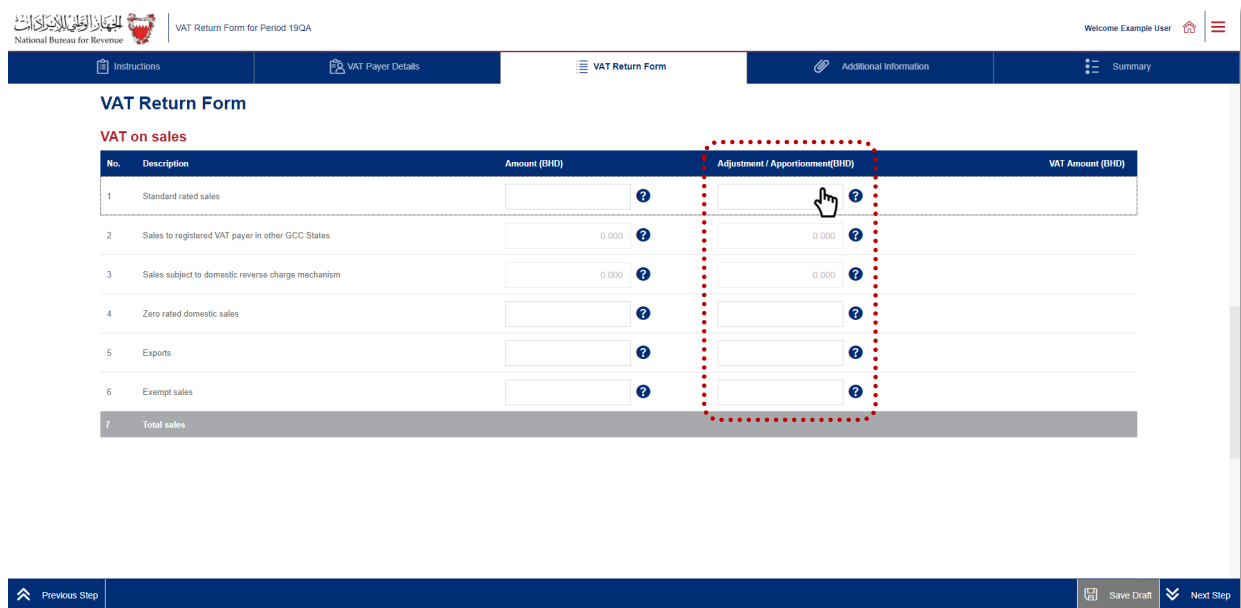
The VAT return should be completed following the standard procedures established for submitting VAT returns on the NBR online portal; please refer to the VAT Return Filing Manual for additional information.

How can VAT returns be modified?

Adjusting a VAT return

In order to cover any adjustments for business transactions that have already occurred and been reported in previous VAT periods, necessary modifications should be made in the “Adjustment/Apportionment (BHD)” column, after completing the details of the “VAT Return Form” of the current VAT period.

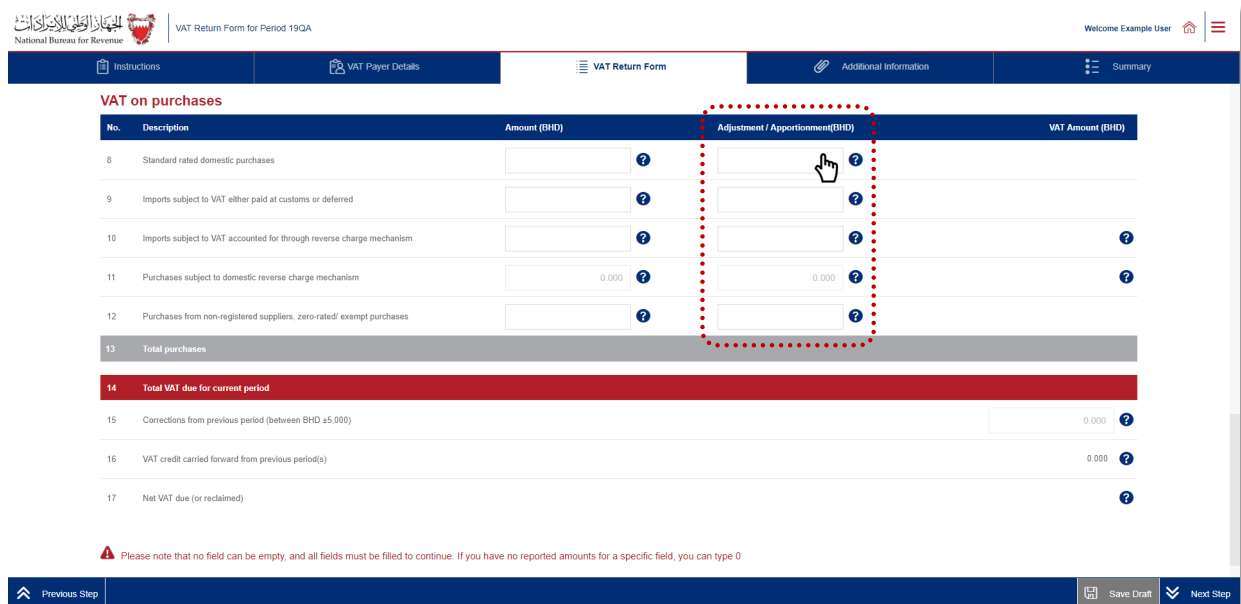
As shown below, adjustments for both input and output VAT should be completed in the column highlighted in red.



VAT Return Form for Period 19QA

VAT on sales

No.	Description	Amount (BHD)	Adjustment / Apportionment(BHD)	VAT Amount (BHD)
1	Standard rated sales			
2	Sales to registered VAT payer in other GCC States	0.000	0.000	
3	Sales subject to domestic reverse charge mechanism	0.000	0.000	
4	Zero rated domestic sales			
5	Exports			
6	Exempt sales			
7	Total sales			



VAT Return Form for Period 19QA

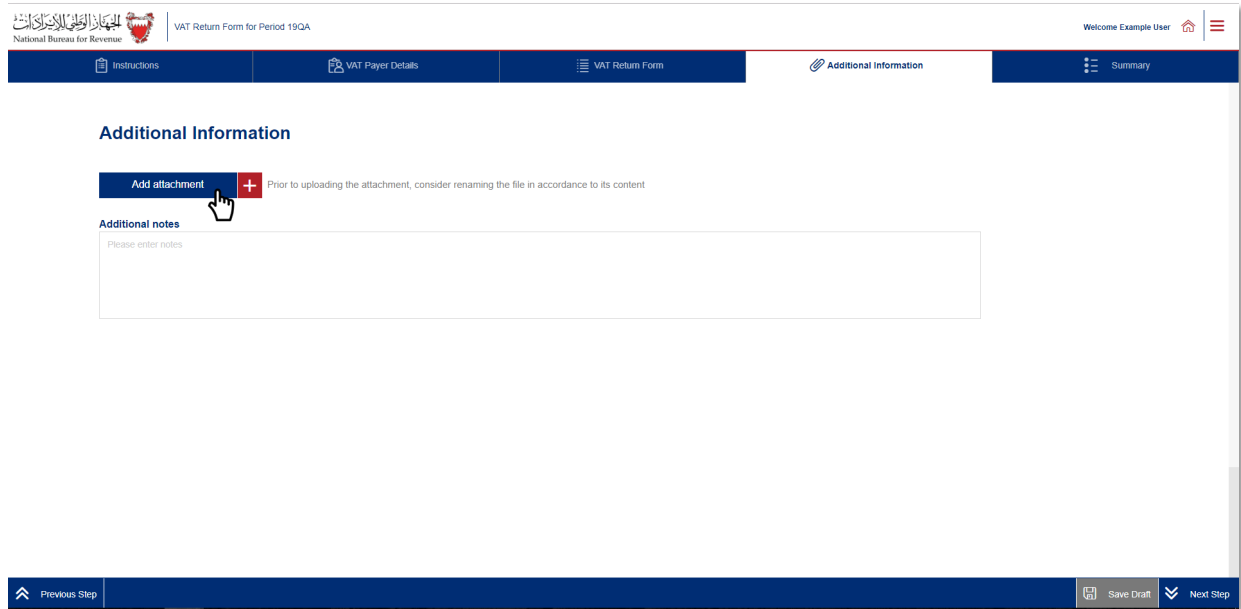
VAT on purchases

No.	Description	Amount (BHD)	Adjustment / Apportionment(BHD)	VAT Amount (BHD)
8	Standard rated domestic purchases			
9	Imports subject to VAT either paid at customs or deferred			
10	Imports subject to VAT accounted for through reverse charge mechanism			
11	Purchases subject to domestic reverse charge mechanism	0.000	0.000	
12	Purchases from non-registered suppliers, zero-rated/ exempt purchases			
13	Total purchases			
14	Total VAT due for current period			
15	Corrections from previous period (between BHD ±5,000)		0.000	
16	VAT credit carried forward from previous period(s)		0.000	
17	Net VAT due (or reclaimed)			

Please note that no field can be empty, and all fields must be filled to continue. If you have no reported amounts for a specific field, you can type 0

How can VAT returns be modified?

It is recommended that any adjustments submitted in the VAT return are supported by an explanation and/or supporting documents. Such information may be uploaded in the “Additional Information” section of the application.



VAT Return Form for Period 19QA

Welcome Example User

Instructions | VAT Payer Details | VAT Return Form | **Additional information** | Summary

Additional Information

Add attachment + Prior to uploading the attachment, consider renaming the file in accordance to its content

Additional notes
Please enter notes

Previous Step | Save Draft | Next Step

How can VAT returns be modified?

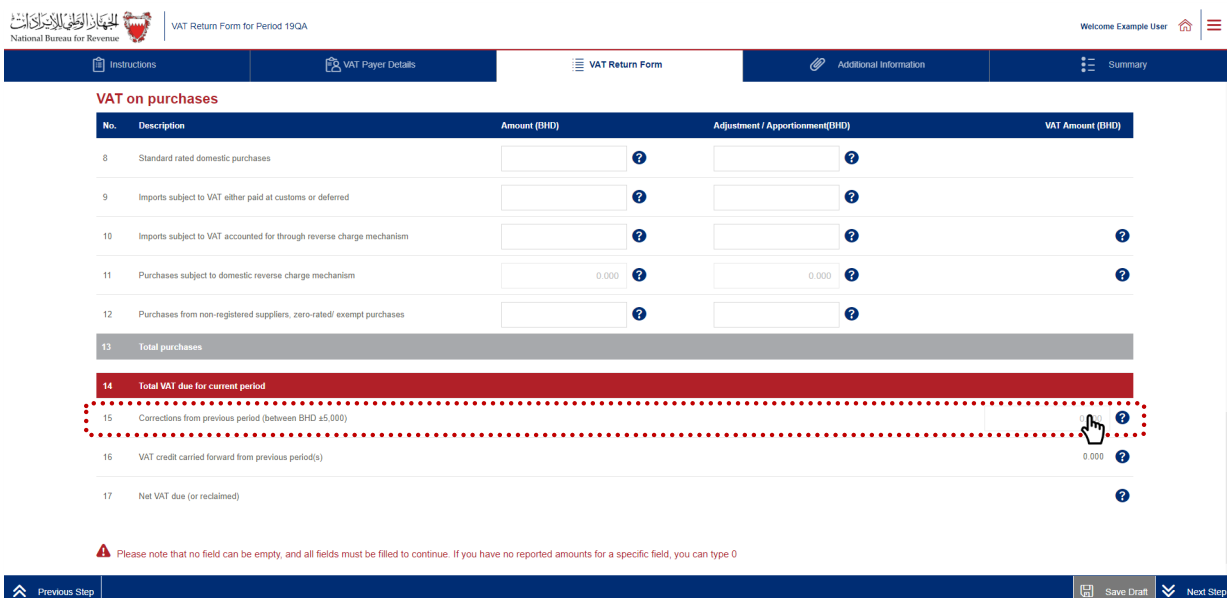
3.2. Corrections and Self-Amendments

Internal errors leading to a misreported net VAT due or refundable of less than BHD 5,000 can be completed as a correction in the VAT return of the VAT period following the original VAT period.

The VAT return should be completed following the standard procedures established for submitting VAT returns on the NBR online portal; please refer to the VAT Return Filing Manual for additional information.

Correcting a VAT return

In order to cover any corrections from the previous VAT period, the VAT payer should input the correction amount in Line 15 “Corrections from previous period”, after completing the details of the “VAT Return Form” of the current VAT period.



VAT Return Form for Period 19QA

Welcome Example User

Instructions | VAT Payer Details | VAT Return Form | Additional Information | Summary

VAT on purchases

No.	Description	Amount (BHD)	Adjustment / Apportionment (BHD)	VAT Amount (BHD)
8	Standard rated domestic purchases	<input type="text"/>	<input type="text"/>	
9	Imports subject to VAT either paid at customs or deferred	<input type="text"/>	<input type="text"/>	
10	Imports subject to VAT accounted for through reverse charge mechanism	<input type="text"/>	<input type="text"/>	
11	Purchases subject to domestic reverse charge mechanism	<input type="text"/> 0.000	<input type="text"/> 0.000	
12	Purchases from non-registered suppliers, zero-rated/ exempt purchases	<input type="text"/>	<input type="text"/>	
13	Total purchases			
14	Total VAT due for current period			
15	Corrections from previous period (between BHD ±5,000)			
16	VAT credit carried forward from previous period(s)			0.000
17	Net VAT due (or reclaimed)			

Please note that no field can be empty, and all fields must be filled to continue. If you have no reported amounts for a specific field, you can type 0

Previous Step | Save Draft | Next Step

It is recommended that any corrections submitted in the VAT return are supported by an explanation and/or supporting documents. Such information may be uploaded in the “Additional Information” section of the application.

On the other hand, a self-amended VAT return should be submitted if there is an error leading to a misreported absolute value of net VAT equal to or greater than BHD 5,000. Unlike modifications done by means of adjustment and correction, self-amendments will substitute an original VAT return.

Please note that self-amendments may be subject to penalty.

How can VAT returns be modified?

Self-amendments are usually submitted in the following cases where:



A VAT payer chooses to make a modification immediately rather than wait until the next VAT period to submit a correction of less than BHD 5,000. While this remains at the discretion of the VAT payer, such amendments may be subject to penalties.



An internal error occurs resulting in a net VAT due equal or greater than BHD 5,000. Or, an error occurs that does not exceed BHD 5,000 but is detected too late and cannot be reported in the VAT return of the VAT period following the original VAT period (i.e. as a correction).



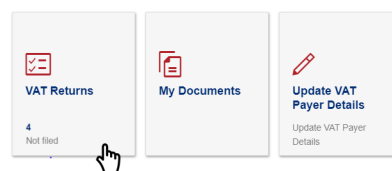
The VAT payer fails to submit a VAT return for a given VAT period and is issued an estimated assessment in which the net VAT due for that given VAT period is determined by NBR. Before the issued assessment is deemed final and binding, NBR will grant the VAT payer a defined period to self-amend this assessment.

Kindly note that a VAT return under NBR assessment cannot be amended. VAT payers must wait until this assessment is complete or contact NBR and notify them of the amendments they would like to perform.

To initiate a self-amendment, the VAT payer must access the original VAT return on the NBR online portal.

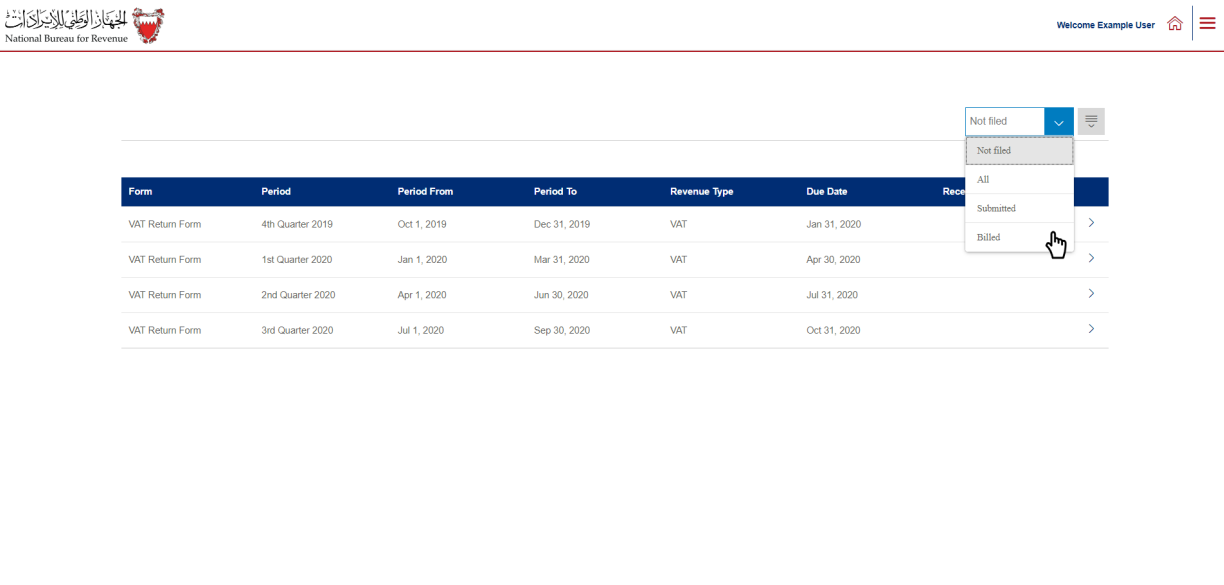
Accessing the original VAT return

Log in to the NBR online portal; please refer to the Return Filing Manual available on the NBR website for additional information. Then access your filing obligations and history by clicking on “VAT Returns”.



How can VAT returns be modified?

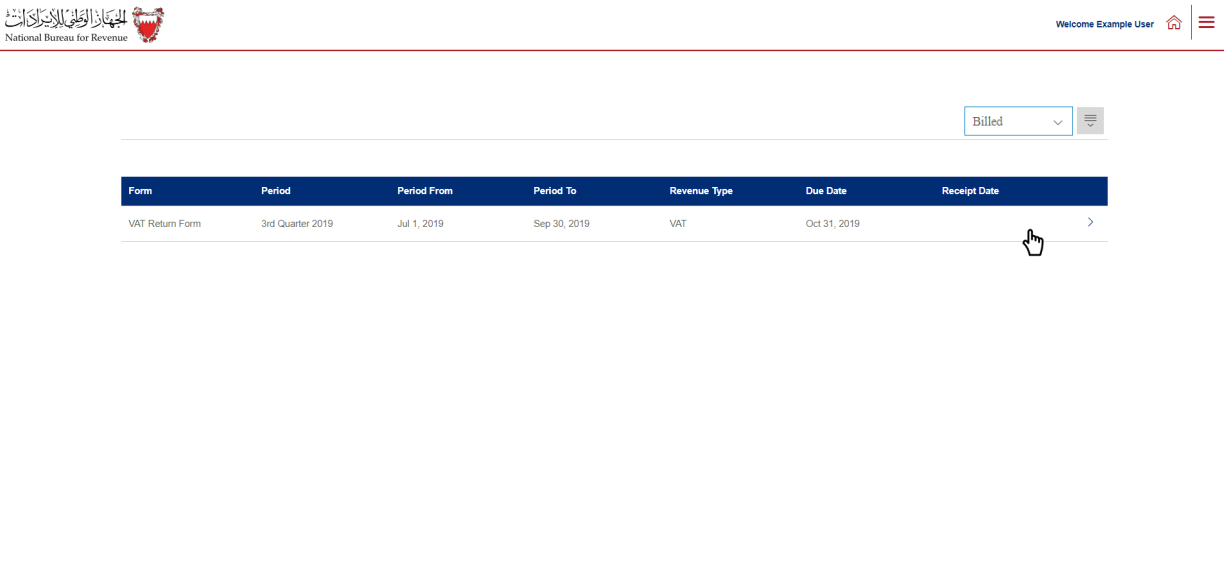
You will then be redirected to a page containing all the outstanding VAT returns (i.e. not yet filed). Filter your “VAT Return Forms” to access previous filings by selecting “Billed” from the drop-down menu at the top right corner of the screen.



The screenshot shows the National Bureau for Revenue interface. At the top right, it says "Welcome Example User". Below the header is a table of VAT Return Forms. A dropdown menu is open over the table, showing options: "Not filed", "All", "Submitted", and "Billed". A hand cursor is pointing at the "Billed" option.

Form	Period	Period From	Period To	Revenue Type	Due Date	Receipt Date
VAT Return Form	4th Quarter 2019	Oct 1, 2019	Dec 31, 2019	VAT	Jan 31, 2020	
VAT Return Form	1st Quarter 2020	Jan 1, 2020	Mar 31, 2020	VAT	Apr 30, 2020	
VAT Return Form	2nd Quarter 2020	Apr 1, 2020	Jun 30, 2020	VAT	Jul 31, 2020	
VAT Return Form	3rd Quarter 2020	Jul 1, 2020	Sep 30, 2020	VAT	Oct 31, 2020	

Choose the VAT return for which you would like to submit the self-amendment.



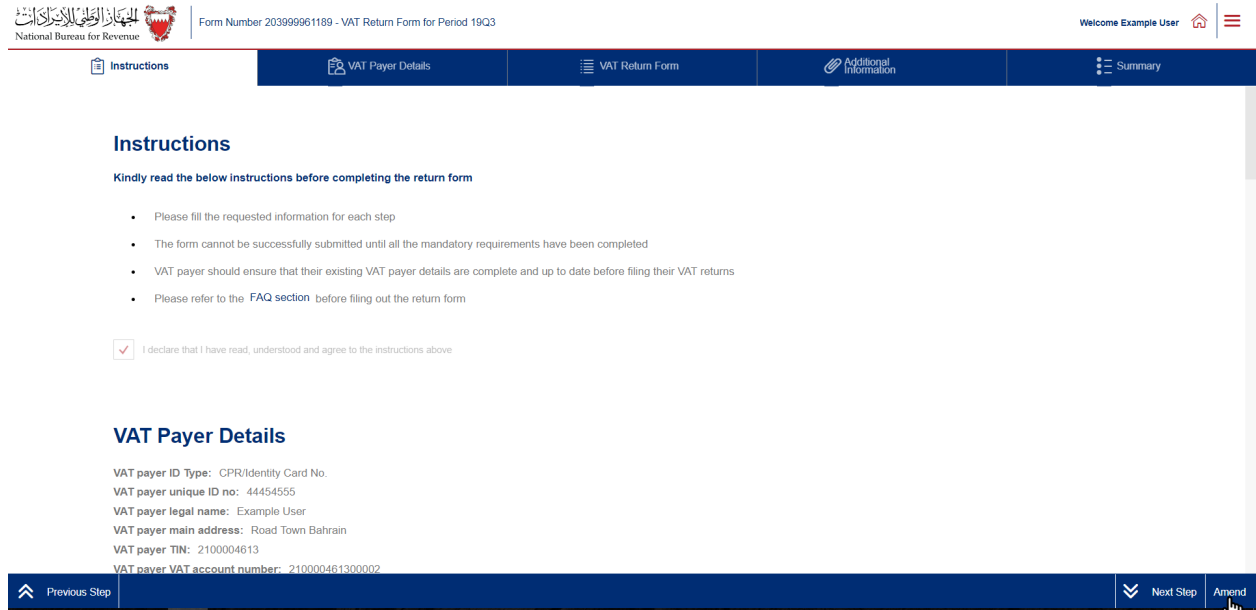
The screenshot shows the same interface as before, but the dropdown menu is now set to "Billed". The table below shows only one row of data.

Form	Period	Period From	Period To	Revenue Type	Due Date	Receipt Date
VAT Return Form	3rd Quarter 2019	Jul 1, 2019	Sep 30, 2019	VAT	Oct 31, 2019	

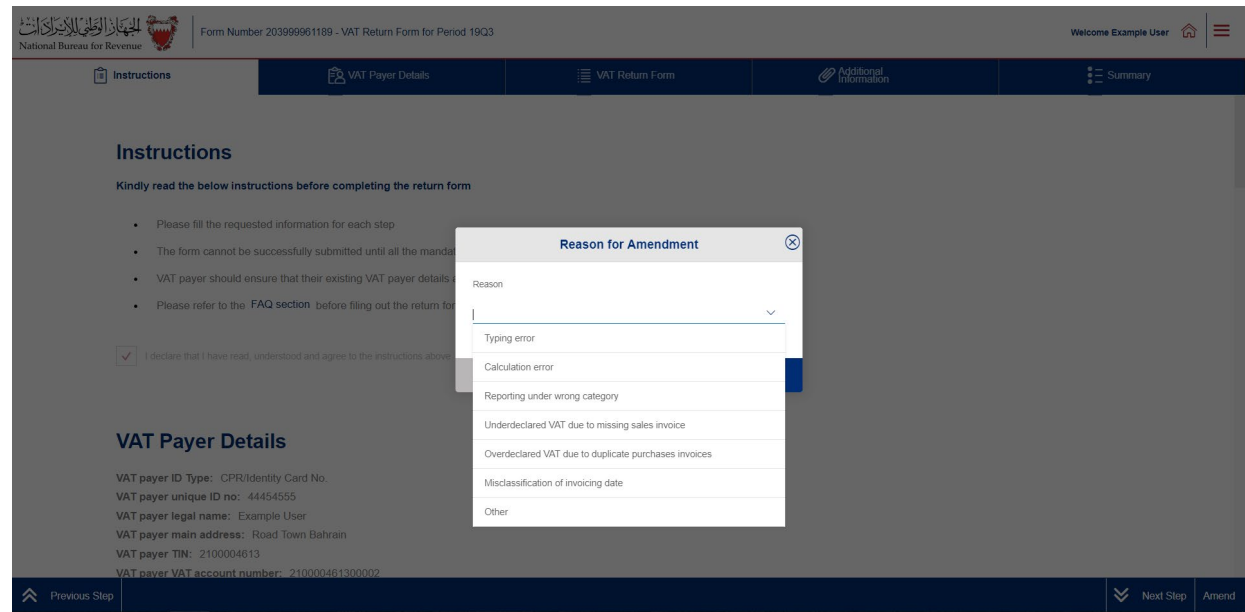
Amending the VAT return

Once you have accessed the VAT return, notice that you will be unable to make any modifications until you have clicked the amend button at the bottom right corner. Kindly ensure that you have all the necessary information to complete the self-amendment as you will be unable to save the progress.

How can VAT returns be modified?



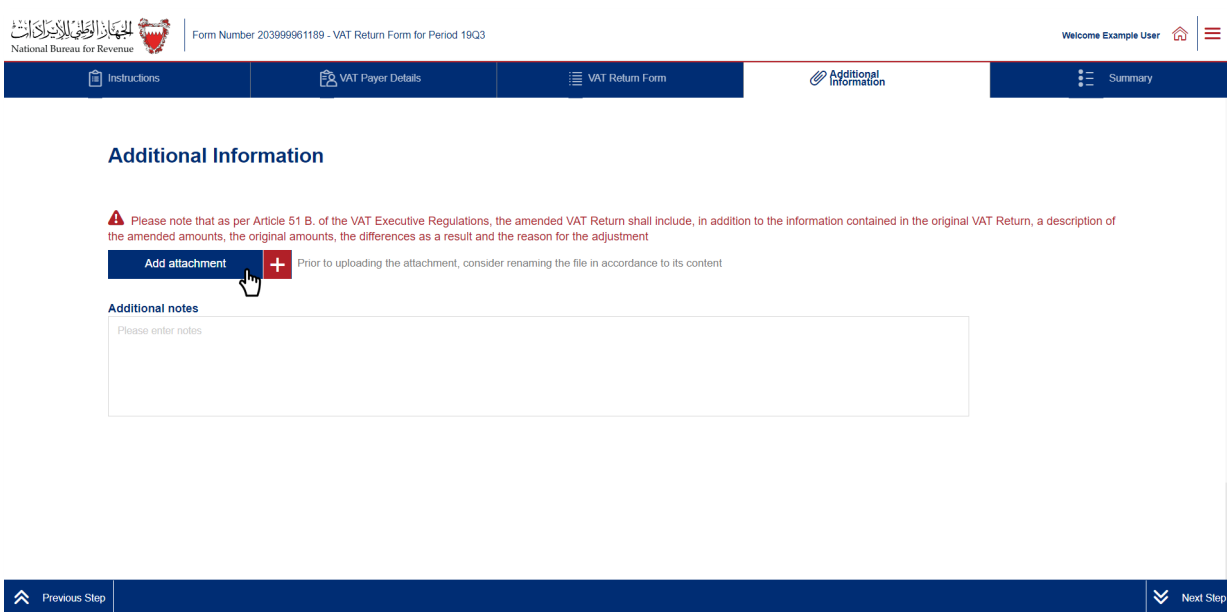
Click on the drop down and choose the most applicable reason for amending the return.



After confirming the “Instructions” and “VAT payer details” sections, complete the necessary amendments on the “VAT return form”. For additional guidance, click on the question marks (tooltips) and a hover box will appear to further explain the line item.

In addition to the information contained in the original VAT Return, a self-amendment should include a description of the amended amounts, the original amounts, the differences as a result and the reason for the modification. This information should be uploaded as attachments or written in the “Additional notes” box found in the “Additional Information” section of the application.

How can VAT returns be modified?




Form Number 203999961189 - VAT Return Form for Period 19Q3

Welcome Example User

Instructions | VAT Payer Details | VAT Return Form | Additional Information | Summary

Additional Information

⚠️ Please note that as per Article 51 B. of the VAT Executive Regulations, the amended VAT Return shall include, in addition to the information contained in the original VAT Return, a description of the amended amounts, the original amounts, the differences as a result and the reason for the adjustment

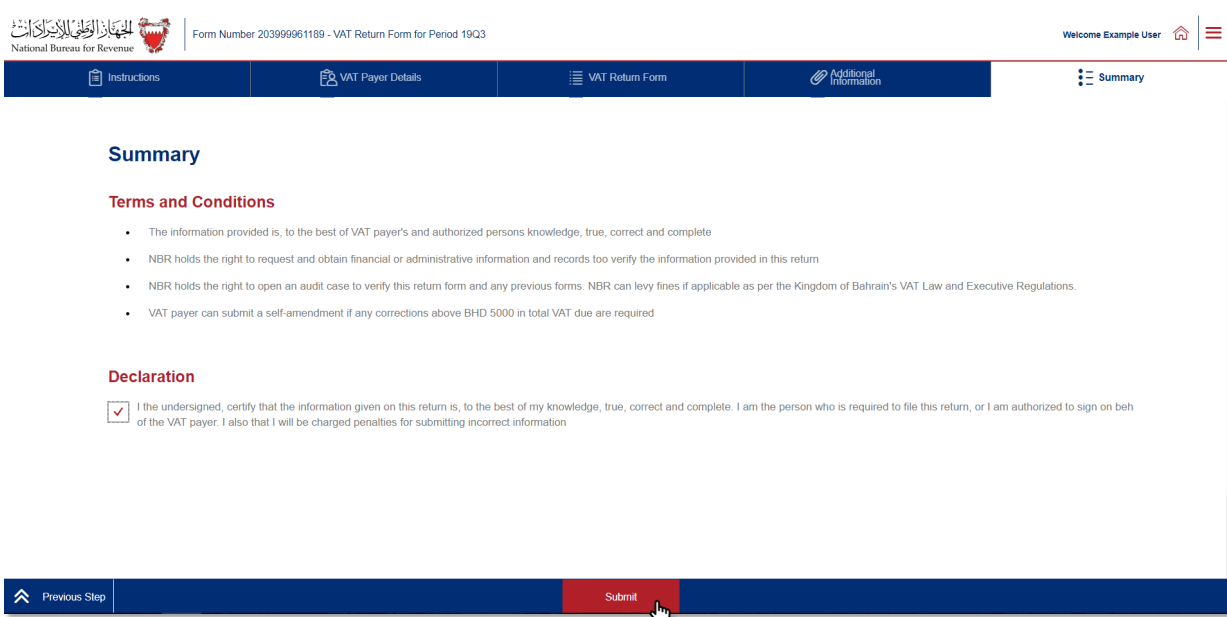
Add attachment  Prior to uploading the attachment, consider renaming the file in accordance to its content

Additional notes
Please enter notes

Previous Step | Next Step

Submitting the self-amendment

Once the form is completed, and after agreeing to the declaration, you will be able to review and submit your self-amendment.



Form Number 203999961189 - VAT Return Form for Period 19Q3

Welcome Example User

Instructions | VAT Payer Details | VAT Return Form | Additional Information | Summary

Summary

Terms and Conditions

- The information provided is, to the best of VAT payer's and authorized persons knowledge, true, correct and complete
- NBR holds the right to request and obtain financial or administrative information and records too verify the information provided in this return
- NBR holds the right to open an audit case to verify this return form and any previous forms. NBR can levy fines if applicable as per the Kingdom of Bahrain's VAT Law and Executive Regulations.
- VAT payer can submit a self-amendment if any corrections above BHD 5000 in total VAT due are required

Declaration

I the undersigned, certify that the information given on this return is, to the best of my knowledge, true, correct and complete. I am the person who is required to file this return, or I am authorized to sign on behalf of the VAT payer. I also that I will be charged penalties for submitting incorrect information

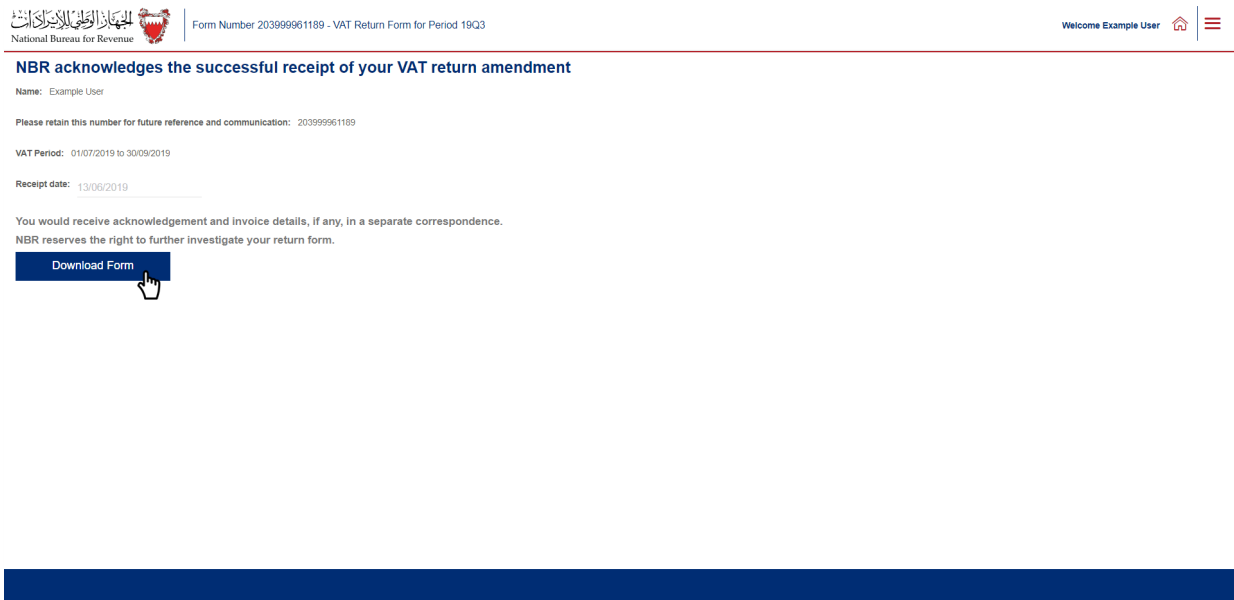
Previous Step | Submit

You will then be redirected to a page confirming the successful submission of your self-amendment; there you will be able to view your submission and access the successful submission acknowledgment form. You should also expect to receive an SMS and email confirming your submission.

Kindly note that if you have filed a debit return, you should also receive a bill in “My Documents” breaking down your liability. If you have excess credit from a previous period, and that credit was used


How can VAT returns be modified?

to offset your filed debit (in full or in part), you should expect to receive an offsetting letter under “My documents” on the portal as well.



The screenshot shows the user interface of the National Bureau for Revenue portal. At the top, there is a header with the bureau's logo and name in Arabic and English, along with the form number: 203999961189 - VAT Return Form for Period 19Q3. A user is logged in as 'Example User'. The main content area displays a confirmation message: 'NBR acknowledges the successful receipt of your VAT return amendment'. Below this, it provides the user's name, VAT period (01/07/2019 to 30/09/2019), and the receipt date (13/06/2019). A note states that the user will receive acknowledgement and invoice details in a separate correspondence, and that NBR reserves the right to further investigate the return form. A 'Download Form' button is visible, with a mouse cursor hovering over it.

Confirmation Receipt of self-amendment for your VAT return



The document is a confirmation receipt for a self-amendment of a VAT return. It features a barcode at the top left and the National Bureau for Revenue logo at the top right. The reference number is 203999961189 and the date of the letter is 13/06/2019. The document is titled 'Confirmation Receipt Of Self-amendment For VAT Return' and 'تأكيد استلام التعديل الذاتي لإقرار القيمة المضافة'. It lists the VAT payer name as 'Example User' and provides the payer address: Flat/Shop No. 00000, Building, Road/Street Road, Town, Block 000, Bahrain, with a CPR/Identity Card No. of 44454555. The recipient is 'Example User'. The message states: 'Your self-amendment for VAT return Ref. No.: 203999961189 has been submitted successfully for the VAT period starting 01/07/2019 and ending 30/09/2019. Your new liability is BHD -1.400.' It also includes a note in Arabic: 'عزيزي Example User، لقد قمت بتقديم التعديل الذاتي لإقرار القيمة المضافة الخاص بك برقم مرجعي: 203999961189 بنجاح لفترة القيمة المضافة من 01/07/2019 إلى 30/09/2019. قيمة التزامك الجديد هو 1,400 - دينار بحريني.' At the bottom, it provides contact information for the National Bureau for Revenue (80008001) and a disclaimer: 'This document is extracted from the automated system and does not need to be signed.'

4. WHEN DOES NBR ASSESS A VAT PAYER'S RETURN?

4.1. What is an NBR VAT assessment?

It is NBR's right and mandate to ensure the validity, completeness and accuracy of the transactions declared in a VAT return. A VAT assessment is the standard procedure whereby NBR will assess:

- The general compliance level of a VAT payer with the VAT legislation
- Whether the net amounts of VAT payable or receivable are correct

During an assessment, NBR will notably examine the records and documents that are required to be maintained by the VAT payer (e.g. invoices, sales/purchase registers or customs declarations). Please refer to Section 17.2.5. of the VAT General Guide for a more comprehensive understanding of NBR's authority with regards to a VAT assessment.

4.2. When and where does an NBR VAT assessment take place?

If NBR decides to assess (i.e. audit) one or more VAT periods, it will inform the VAT payer by email. The details of this decision may include deadlines and requests for information or documents that are relevant to NBR's assessment.

When conducting a field-assessment, NBR may inform the VAT payer of the visit in advance. This notification may include the expected start date, location and records that should be made available during the audit. This should allow enough time for the VAT payer to prepare the appropriate records for assessment and ensure that the relevant employees are available during the assessment.

NBR assessments can cover one or more VAT periods (e.g. one month or two years). However, NBR will not reassess net VAT relating to a VAT period that has been previously assessed unless:

1. New information is discovered that was not available at the time of the previous examination and assessment; and
2. This information requires reassessment.

An assessment may be carried out at either a VAT payer's premises or NBR's offices.

When does NBR ASSESS a VAT payer's return?

4.3. Assessment results

Once the assessment has been completed, a VAT payer should expect to receive a notification highlighting the assessment result. The outcome of the assessment will indicate that the case has either been “released as-is” or has been subject to an assessment decision by NBR.



If an assessment does not evidence non-compliance with the VAT legislation and NBR procedure, the VAT payer will receive a letter indicating that the assessment has been completed and the VAT return was “released as-is.”



If NBR has determined that a change is required in the VAT return, NBR will issue a VAT assessment decision. This notification will refer the VAT payer to their updated bill (with the new amount due and due date) to address any outstanding liability.

If a VAT payer does not agree with NBR's assessment decision, the VAT payer has the right to object to this decision. Please refer to Section 17.3 of the VAT General Guide for additional information on the review and appeals process.

