



Kingdom of Bahrain

Bahrain VAT Return

Introduction

As VAT moves forward in full-swing, active steps are being undertaken by the Bahrain National Bureau for Revenue (NBR) in order to ensure taxpayer awareness regarding the newly introduced legislation. Recently, in a closed meeting with select few VAT consultants the format for VAT Returns was unveiled. The format has also been released by NBR and is accessible at https://www.nbr.gov.bh/taxpayer_filing

This alert aims to highlight the overall format of the VAT Return and the expected reporting requirements therein.

Format

The following table will help in doing the easy referencing of the reporting requirements in respect of the VAT return.

Sr. No.	Line Item	Amount (BHD)	Adjustments/Apportionment (BHD)	VAT Amount (BHD)
A	B	C	D	E

The format of the VAT return under Bahrain VAT law is also reproduced on the following page.



Sr. No.	Line Item	Amount (BHD)	Adjustments/Apportionment (BHD)	VAT Amount (BHD)
Sales				
1.	Standard Rated Supplies			
2.	Supplies to registered customers in other GCC States			
3.	Supplies subject to domestic reverse charge mechanism			
4.	Zero rated domestic supplies			
5.	Exports			
6.	Exempt supplies			
7.	Total supplies			
Purchases				
8.	Standard rated domestic purchases			
9.	Imports subject to VAT either paid at customs or deferred			
10.	Imports subject to VAT through reverse charge mechanism			
11.	Purchases subject to domestic reverse charge mechanism			
12.	Purchases from non-registered taxpayers, zero-rated/exempted purchases			
13.	Total purchases			
14.	Total VAT due for current period			
15.	Correction from previous period (between BHD +/- 5000)			
16.	VAT credit carried forward from previous period(s)			
17.	Net VAT due (or reclaimed)			
The highlighted boxes will have the values auto-populated				



In order to make it simple to understand we have explained the contents of each box of the format of the return which is as under:

Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
1	Standard Rated Supplies: This refers to all domestic outward taxable supplies of goods and services on which VAT applies at the standard rate of 5%. These are also known as standard rated supplies;	the value of all taxable standard rated outward supplies to be reported.	The value of all adjustments/apportionments made to taxable standard rated outward supplies are to be reported. E.g. any credit notes issued against such supplies etc.	In column E the amount of VAT will get auto-populated. (on the net amount of column C minus column D).
2	Supplies to registered customers in other GCC States: This refers to the value of outward supplies of goods and services made to taxable customers who are registered under VAT in other GCC member State are required to be reported. Presently this field shall remain deactivated till the Electronic Services System (ESS) is introduced. Upon this field becoming active in future;	Not Applicable currently	Not Applicable currently	
3	Supplies subject to domestic reverse charge mechanism – This refers to value of domestic taxable outward supplies of goods and services made by the taxable person to the domestic taxable person in Bahrain on which VAT is to be accounted under reverse mechanism by the buyer. This is a unique feature introduced under the Bahrain VAT law and is applicable to those taxable persons to whom the permission has been granted by NBR to account for VAT under reverse charge mechanism on domestic inward supplies under Article 66 of the Bahrain VAT Executive Regulations. The taxable buyer needs to inform the taxable supplier about the same	The value of all inward supplies subject to domestic reverse charge to be reported.	The value of all adjustments/ apportionments made to inward supplies subject to domestic reverse charge reported in column C is to be reported. E.g. any credit notes issued against such supplies etc.	



Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
4	Zero rated domestic supplies – This refers to all domestic outward taxable supplies of goods and services on which VAT applies at the 0%. These are also called zero rated domestic supplies.	The value of all zero-rated domestic supplies to be reported.	The value of all adjustments/ apportionments made to zero rated domestic outward supplies reported in column C is to be reported. E.g. any credit notes issued against such supplies etc.	
5	Exports – This refers to all outward taxable supplies of goods and services which are made to the persons who are non-residents in the Kingdom of Bahrain. Presently this would include supplies made to residents of other member GCC states also. These are also treated as exports and VAT applies at the 0%. The exports are also called zero rated supplies;	The value of all zero-rated exported outward supplies to be reported.	The value of all adjustments/ apportionments made to zero rated exported outward supplies reported in column C is to be reported. E.g. any credit notes issued against such supplies etc.	
6	Exempt supplies – This refers to all outward supplies of goods and services which are exempted from VAT. These are also called exempted supplies;	The value of all exempted outward supplies to be reported.	The value of all adjustments/ apportionments made to exempted outward supplies are to be reported. E.g. any credit notes issued against such supplies etc.	



Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
7	Total supplies – This refers to the sum total of the values reported in point 1 to 6 above and will be calculated automatically and be auto-populated in columns C, D and E.	Total of 1 to 6	Total of 1 to 6	Total of 1 to 6
8	Standard rated domestic purchases – This refers to all domestic inward taxable supplies of goods and services on which VAT applies at the standard rate of 5%. These are also known as standard rated supplies;	The value of all domestic taxable standard rated inward supplies to be reported.	The value of all adjustments /apportionments made to domestic taxable standard rated inward supplies are to be reported. E.g. any credit notes issued against such supplies, supplies that are not eligible for input vat deduction etc.	The amount of VAT will get auto-populated. (on the net amount of column C minus column D).
9	Imports subject to VAT either paid at customs or deferred – This refers to value of imported standard rated taxable inward supplies of goods received by the taxable person in Bahrain from foreign suppliers on which VAT is to be paid or is deferred. The deferment of VAT on import of goods is applicable to those taxable persons to whom the permission has been granted by NBR on inward supplies of goods which are imported under Article 51 of the Bahrain VAT Executive Regulations.	The value of all inward supplies of standard rated imported goods be reported.	The value of all adjustments /apportionments made to inward supplies of standard rated imported goods reported in column C is to be reported. E.g. any credit notes issued against such supplies, supplies that are not eligible for input vat deduction etc.	



Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
10	Imports subject to VAT through reverse charge mechanism – This refers to value of imported standard rated taxable inward supplies of services received by the taxable person in Bahrain from foreign suppliers on which VAT is to be accounted for under reverse charge mechanism.	The value of all inward supplies of standard rated imported services to be reported.	The value of all adjustments/apportionments made to inward supplies of standard rated imported services reported in column C is to be reported. E.g. any credit notes issued against such supplies, supplies that are not eligible for input vat deduction etc.	
11	Purchases subject to domestic reverse charge mechanism – This refers to value of domestic taxable inward supplies of goods and services received by the taxable person from the domestic suppliers in Bahrain on which VAT is to be accounted under reverse mechanism. This is a unique feature introduced under the Bahrain VAT law and is applicable to those taxable persons to whom the permission has been granted by National Bureau of Revenue (NBR) to account for VAT under reverse charge mechanism on domestic inward supplies under Article 66 of the Bahrain VAT Executive Regulations.	the value of all inward supplies subject to domestic reverse charge to be reported.	The value of all adjustments/ apportionments made to inward supplies subject to domestic reverse charge reported in column C is to be reported. E.g. any credit notes issued against such supplies, supplies that are not eligible for input vat deduction etc.	



Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
12	Purchases from non-registered taxpayers, zero-rated/exempted purchases – This refers to all inward taxable supplies of goods and services which have been received from persons who are not registered VAT, zero rated or exempt from VAT.	The value of all zero rated/exempt/pt/or received from non-registered persons inward supplies to be reported.	The value of all adjustments/apportionments made to zero rated/exempt/or received from non-registered persons inward supplies are to be reported. E.g. any credit notes issued against such supplies etc.	
13	Total purchases – This refers to the sum total of the values reported in point 8 to 12 above and will be calculated automatically and be auto-populated in columns C, D and E.	Total of 8 to 12	Total of 8 to 12	Total of 8 to 12
14	Total VAT due for current period – This refers to the balancing figure (difference between the values in point 7 and 13 above and will be calculated automatically and be auto-populated in column E.			Amount (E7-E13)
15	Correction from previous period (between BHD +/- 5000) – This refers to the value of standard rated taxable supplies of goods and services which pertain to the previous taxable periods and were omitted from reporting. As per Article 51(F) of the Bahrain VAT Executive Regulations a correction of up to BHD 5,000 can be carried out, in case of any error, subsequent to the original tax period.	The value of all standard rated supplies which are being rectified are to be reported.	The value of all adjustments/ apportionments made to standard rated rectified supplies are to be reported. E.g. any credit notes issued against such supplies etc.	The amount of VAT will get auto-populated. (on the net amount of column C minus column D).



Sl. No. (A)	Line Item (B)	Amount (BHD) (C)	Adjustment/ Apportionment (BHD) (D)	VAT Amount (BHD) (E)
16	VAT credit carried forward from previous period(s) – This refers to the value of input VAT credit brought forward from the previous tax period.			The amount of VAT input credit carried forward from previous tax period will get auto-populated.
17	Net VAT due (or reclaimed) – This refers to the value of VAT to be paid or to be refunded to the taxable person.			Amount (E14+/-E15-E16)



Comments

The return format provided by the NBR aims at capturing all the business transactions which in a way will provide an ease of reconciliation with the books of account and may help in smooth compliance. Businesses are advised to start gathering the VAT registration details of their customers in other GCC States so that when the reporting field is made active said information will come handy. It is very reassuring to see that feedback and inputs have been taken from all stakeholders which shall be involved in the compliance and implementation process of VAT in Bahrain. The present return format showcases that the Government is taking steps to ensure that a smooth transition into the regime can be made by taxpayers.

We have made an attempt to make the readers aware about the likely reporting requirements in the VAT return, as the filling guidelines are yet to be formally released by NBR. We will also release the updated version of the alert, upon the release of the VAT filling guidelines by NBR.



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