

51 FAQ E-Book- Bahrain VAT



VAT In Bahrain

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About FAQ E-Book Author: - I have more than 5 years' experience in Indian VAT & GST. I have worked in India (VAT & GST) with many well reputed Accounts and Taxation firms.

I am graduate from Bachelor of Computer Application and presently I am doing LL.B (3rd Semester) from CCS university.

I was the part of Indian GST implementation. I helped many clients and continue helping. I have worked in UAE VAT implementation with many clients and consulting firms. Since last one year, I am helping Middle East businesses to understand about new VAT regime and continue helping to get VAT registration, compliances on time and continue spreading knowledge through various channels.

I am continuing writing articles and updating clients about upcoming VAT development in GCC.

About FAQ E-book: - This FAQ has prepared to spread knowledge about VAT in the Kingdom of Bahrain. The information has collected based from Decree Law-48 of Bahrain. I have tried to put basic questions which can be help to understand regarding VAT (Value Added Tax) for businesses. For any mistake or any improvements, your valuable suggestion and feedback are most welcome. This is second time after UAE I have prepared the E-Book.

I have prepared 51 FAQ on VAT Decree Law-48 of Bahrain. The main purpose of these FAQ to help businesses in Bahrain by spreading knowledge and improvement in myself.

Q. 1. What does VAT means?

- A. A tax imposed on the import and supply of Goods and Services at each stage of production and distribution, including the Deemed Supply.
- B. A tax imposed on the supply of Goods and Services at each stage of production and distribution, including the Deemed Supply.

C. Value Added Tax

D. Value Application Tax

Q. 2. What do you mean by Goods?

A. All types of material property (material assets), including water and all forms of energy including Electricity, gas, light, heat, cooling and air conditioning

B. All types of material property.

Q.3. What do you mean by "Service"?

A. Anything that can be supplied other than Goods

B. Anything that cannot be supplied other than goods.

C. both

D. Not confirm

Q.4. When VAT is going to implement in Kingdom of Bahrain?

A. 01.01.2019

B. 01.01.2020

C. 01.07.2019

D. 01.09.2019

Q.5. What is the standard rate is being to imposed in Bahrain?

A. 6%

B. 10%

C. 15%

D. 5%

Q.6. What is the mandatory threshold limit for registration of VAT in Bahrain?

A. BDH 25,000

B. BDH 30,000

C. BDH 40,000

D. BDH 37,700 Approx.

Q7. What is the voluntary threshold limit for registration of VAT in Bahrain?

A. BDH 30,000

B. BDH 10,000

C. BDH 18,850 Approx.

D. BDH 15,000

Q.8. Is it Tax Group registration option available in Bahrain Decree Law-48?

A. Yes, There is separate provision for Tax Group VAT registration.

B. No

C. Not confirm

D. May be

Q.9. If a dealer dealing in zero rate and exempted supplies whether can he request to authority for exemption from registration?

A. Yes, As per Article-32 of Decree Law-48 the authority may exclude any person from the mandatory registration on application if all his supplies are zero rated.

B. No

C. Maybe

D. Not confirm

Q.10. What will be tax period in Bahrain VAT?

A. Monthly

B. Quarterly

C. Yearly

D. Monthly & any longer period expected

Q.11. What will be last date of submitting VAT returns?

A. VAT return should not be later than the last day of the month following the end of

The Tax Period.

B. Starting of the tax period

C. 15th of next month

D. 28th of next month

Q.12. Is it mandatory to issue a tax invoice?

A. Yes, A Taxable Person should issue an original Tax Invoice in respect of making a Supply of Goods and Services including a Deemed Supply or in respect of any payment received in part or in full before the Date of Supply.

B. No

C. May be

D. Not confirm

Q.13. When a dealer needs to issue a tax invoice?

A. Within 15th days after supplies took place

B. Within 20th days after supplies took place

C. Within 15th days before supplies took place

D. All above

Q.14. Whether foreign currencies mandatory to convert in Bahrain Dinars?

A. Yes. It is mandatory

B. No

C. Maybe

D. Not confirm

Q.15. Does it mandatory to pay tax of a tax bill issued by registrant with in prescribed time?

A. Yes, within 60 days

B. No

C. Yes, within in 100 days

D. May be

Q.16. In case of businesses fail to any compliance what will be fine?

- A. BDH 10,000
- B. BDH 5,000
- C. BDH 1,000
- D. Not confirm

Q.17. If any businesses provide wrong information what will be fine?

- A. BDH5,000
- B. BDH 10,000
- C. BDH 4,000
- D. Not confirm

Q.18. If businesses tried to prevent tax inspector carrying out their duties, what will be fine ?

- A. BDH 5,000
- B. BDH 1,000
- C. BDH 2,000
- D. BDH 3,000

Q.19. Is there any jail sentence provision in law to evading taxes ?

- A. Yes, three to five years jail sentence
- B. No
- C. Maybe
- D. Yes, four years

Q. 20 What is the penalty in case of failure of get registration within prescribed time ?

- A. BDH 20,000
- B. BDH 10,000
- C. BDH 12,000
- D. BDH 10,000

Q. 21 What is the maximum time limit to get VAT registration after crossing threshold limit ?

- A. 20 Days
- B. 10 Days
- C. 15 Days
- D. 60 Days

Q. 22 If last 12 month turnover is less than mandatory turnover but greater voluntary turnover. Does he can apply for de-registration from VAT ?

- A. Yes, He can request to authority for de-registration from mandatory registration.
- B. No
- C. May be
- D. Not confirm

Q. 23 If Article -34(1) of Decree Law-48 outlined matched with dealer condition. Can he eligible for de-registration?

A Taxable Person is required to deregister where one of the following occurs:

- A) If the Taxable Person ceases to carry on an Economic Activity.
- b) If the Taxable Person stops making Taxable Supplies in any 12 consecutive months.
- c) If it is proven at the end of any month that the value of Taxable Supplies for the previous 12 Months has fallen under the voluntary threshold and does not expect that the value of Supplies Or expenses in the next 12 months to exceed the voluntary threshold.

- A. Yes, if all conditions are match
- B. No
- C. May be
- D. Not confirm

Q. 24 Whether VAT will be applicable in case of import of goods from outside of country?

- A. Yes, it is applicable, as per Decree Law-48.
- B. No

- C. May be
- D. Not confirm

Q. 25 What are the conditions for Input Tax deduction?

- A. Receive tax invoice and keep in record or custom documentation that prove that he is receiver of goods supplied or imported on which the input tax is claimable
- B. Received all documents and maintain in records

Q. 26 If input tax deducted on expenses prior to registration date of VAT registration, what is time to claim all services input in first VAT return ?

- A. Receipt of Services within the period of 6 months prior to the date of registration
- B. Last eight months
- C. Last one years
- D. None of them

Q. 27 What are the condition to claim input tax deducted expenses prior to registration date ?

- A. the Goods and Services are received in the course of making Taxable Supplies.
- B. The goods are not supplied before the date of registration
- C. Capital Assets are not used in full before the date of registration.
- D. Receipt of Services within the period of 6 months prior to the date of registration.
- E. the Goods and Services are not subject to any restriction listed in the Agreement and in this law.
- F. All above

Q. 28 If a dealer has not performed any supply or purchase or import during the tax period. Whether he should submit the VAT return ?

- A. Yes, once dealer get registered with authority in VAT. After that he should have to submit VAT returns continue with in prescribe time and format.
- B. No.

Q. 29 Which supplies input tax can be deducting?

- A. Taxable supplies
- B. Supplies that have occurred outside the Kingdom that would have been Taxable in the

Kingdom.

C. the Tax paid during imports in another Implementing State that is the First Point of Entry of Goods To the Council is deductible when the Kingdom is the Final Destination Point of Entry.

D. All

Q. 30 Who is obliged to pay tax ?

A. Taxable Person who conducts the Supply of Goods and Services in the Kingdom;

B. the Taxable Customer receiving Goods and Services in the Kingdom from a Non-Resident Supplier in Accordance to the Reverse Charge Mechanism by declaring it in the Tax Return;

C. Every Person appointed or declared as the Importer in accordance with the Unified Customs Law Will be liable to pay the Tax due on importation;

D. Every Person that declares a Tax amount on an invoice issued in the Kingdom

E. All

Q. 31 What is full form of VAT ?

A. Value Added Tax

B. Value and Tax

C. Not confirm

D. Don 't knows

Q. 32. Which supplies VAT will be applicable ?

A. Good and Services

B. Only Goods

C. Only Services

D. Not confirm

Q. 33. Which supplies input tax is not deductible?

a) If it is paid on Goods or Services used for purposes other than Taxable economic activities.

b) When it is paid on Goods prohibited in the Kingdom.

c) When it is paid on Import of Exempted Supplies into the Kingdom.

d) All

Q. 34. If a person who has been filed an appeal against a decision of imposed an administrative penalty. What time period committee will take to its recommendation regarding the grievance?

A. The Committee will issue its recommendation regarding the grievance within thirty days from the date of submission. It then will be submitted to the Minister or his delegate, provided that the Minister or his delegate issues his decision to adopt the recommendation, amend it or cancel it within fifteen days from the date of receipt

B. within 10 days of submission

C. within 20 days of submission

D. None

Q. 35 Whether authority will charge fees on issuance of licenses and tax certificates?

A. Yes

B. No

C. May be

D. Not confirm

Q. 36 What will be the VAT treatment of Intra-GCC supplies ?

A. Taxable supplies

B. exempt supplies

C. To comply with Article (71) of the Agreement, Internal Supplies that include the movement of Goods From the Kingdom to another Implementing State shall be considered as Export of Goods until the Establishment of the Electronic Services System in all GCC member states.

D. Not confirm

Q. 37 What are the VAT treatment on the oil sector, petroleum and gas extracts ?

A. exempt

B. 5%

c. Zero rate

D. Not confirm

Q.38 What are the VAT treatment on healthcare supplies and related services ?

A. exempt

B. 5%

C. Zero rate

D. Not confirm

Q.39 What are the VAT treatment on importing and supplying medicines and medical equipment ?

A. zero rate

B. 5%

C. Exempt

D. Not confirm

Q.40 What are the VAT applicability on supplying education services, products and relates issues for nurseries, kindergartens, pre-school, basic secondary and higher education. ?

A. Zero rate

B. Exempt

C. 5%

D. Not confirm

Q. 41 What are the VAT applicability on local transport services ?

A. Zero rate

B. 5%

C. exempt

D. Not confirm

Q.42 What are the VAT applicability supply of financial services ?

A. exempt

B. Zero rate

C. 5%

D. not confirm

Q. 43 Who will be responsible for the collection and administration of VAT in Bahrain ?

A. The National Bureau for Gulf Taxation in the Kingdom of Bahrain

B. Federal Tax Authority

C. Both

D. Not confirm

Q. 44 What will the VAT rate be in Bahrain ?

A.5%

B. 0% (Zero Rate)

C. Tax exemption policy

D. All

Q. 45 What are the zero rated supplies ?

A. Basic food items (basic goods list)

B. Education

C. Health (Including pharmaceuticals and all medical supplies)

D. Real estate(construction of new buildings)

E. Local transport

F. Oil and gas (and their derivatives)

G.All

Q. 46 What are the exempt supplies?

A. lease or sale of real estate

B. Financial services (excluding what is paid as an explicit fee or commission or commercial discount charged by financial institutions)

C. Both

D. None

Q. 47 What is Tax?

Ans. Tax is the means by which governments raise revenue to pay for public services. Government revenues from taxation are generally used to pay for things such public hospitals, schools and universities, defence and other important aspects of daily life.

There are many different types of taxes:

A direct tax is collected by government from the person on whom it is imposed (e.g., income tax, corporate tax).

An indirect tax is collected for government by an intermediary (e.g. a retail store) from the person that ultimately pays the tax (e.g., VAT, Sales Tax, GST).

Q. 48 Why is the Bahrain implementing VAT ?

Ans. The Kingdom of Bahrain governments provide citizens and residents with many different public services – including hospitals, roads, public schools, parks, waste control, and police services. These services are paid for from the government budgets. VAT will provide our country with a new source of income which will contribute to the continued provision of high quality public services into the future. It will also help government move towards its vision of reducing dependence on oil and other hydrocarbons as a source of revenue.

Q. 49 Will there be a profit margin scheme ?

A. Yes

B.No

C. May be

D. Not confirm

Q. 50 Will there refund available for Tourist ?

A. Yes, government may be implement separate scheme like UAE(United Arab Emirates)

B. No

C. Not Sure

Q. 51 What recently development or information regarding Bahrain VAT registration ?

A. It is information that above 5 million turnover businesses does not need to apply for registration. They will get auto VAT registration (It is yet not official announcement)

B. It is information that less than 5 million turnover businesses do need to apply for registration. They will not get auto VAT registration.(It is information through various sources. (It is yet not official announcement)

C. Both

D. Not confirm

***** Answer key is available in last page*****

Disclaimer:- The VAT (Value Added Tax) Executive Regulation is yet to be released; more clarification shall come out after the release of Executive Regulation. My only purpose to prepare these 51 FAQ that help to businesses by spreading knowledge of VAT. There is no any intention to give any legal and professional suggestions and advices.

How a freelancer can help you?

Yes, I can help you to understand about VAT, I can help you to get VAT registration on time. I can help you to calculate your threshold limit and check your business, whether it is eligible for VAT registration or not. I can keep you update about latest development in Bahrain VAT.

After UAE(United State Emirates) & KSA VAT is going to reality in Kingdom of Bahrain w.e.f. 01-01-2019. The MOF has already released Decree Law-48 of Bahrain and Executive Regulation is being draft. It is expecting that ER will be release in public soon.

After learning from UAE, now I am working excitedly on Bahrain VAT. I am keep watching very closely about Bahrain VAT developments.

Further enthusiastic, passionate, hunger & thirsty to learn and to work with professional, reputed seniors in Middle East continue.... will never end.

You can reach me at below given details in case of any query, your valuable advice & suggestion are most welcome any time (24*7).

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51 FAQ E-Book Answer Key-Bahrain VAT

Q	A	Q	A	Q	A	Q	A	Q	A
1	A	11	A	21	D	31	A	41	A
2	A	12	A	22	A	32	A	42	A
3	A	13	A	23	A	33	D	43	A
4	A	14	A	24	A	34	A	44	D
5	D	15	A	25	A	35	A	45	G
6	D	16	A	26	A	36	C	46	C
7	C	17	A	27	F	37	C	47	Des.
8	A	18	A	28	A	38	C	48	Des.
9	A	19	A	29	D	39	A	49	A
10	D	20	D	30	E	40	A	50	A
								51	B