

# Tax Agenda Bahrain

January 2024



No.

Fact

Action

## Discussions on the introduction of corporate tax

There are currently no corporate taxes in Bahrain, with a few limited exceptions for the oil and gas sector. However, in light of BEPS 2.0 Pillar Two, Bahraini tax authorities are considering introducing a corporate tax or a qualified domestic top-up tax (QDMTT) in the near future. The exact details or timing are not yet known.

Businesses operating in Bahrain should consider the potential impact of a corporate tax or a QDMTT on their profits.



## E-invoicing expected in the near future

VAT was implemented in Bahrain on 1 January 2019. The general VAT rate is 10% and it applies to most goods and services. The mandatory registration threshold is approximately US\$100,000 of annual supplies. There is also an excise tax on certain products, as well as a general customs duty of 5%. Certain goods and products are subject to higher customs duties. The introduction of e-invoicing is expected in the near future.

Taxpayers should prepare for e-invoicing by considering their system-readiness for implementation.



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