

Bahrain VAT Rate Increase

Examples of Transitional Rules Mechanism

December, 2021



الجهان الوطني للإيرادات
National Bureau for Revenue

Key definitions to facilitate understanding of transitional rules



الهيئة الوطنية للإيرادات
National Bureau for Revenue

Continuous supply

A supply of goods or services on an ongoing basis over a period of time which may involve periodic payments of consideration or the issue of multiple invoices

One-off supply

A supply of goods or services made typically at a point in time which is not a continuous supply

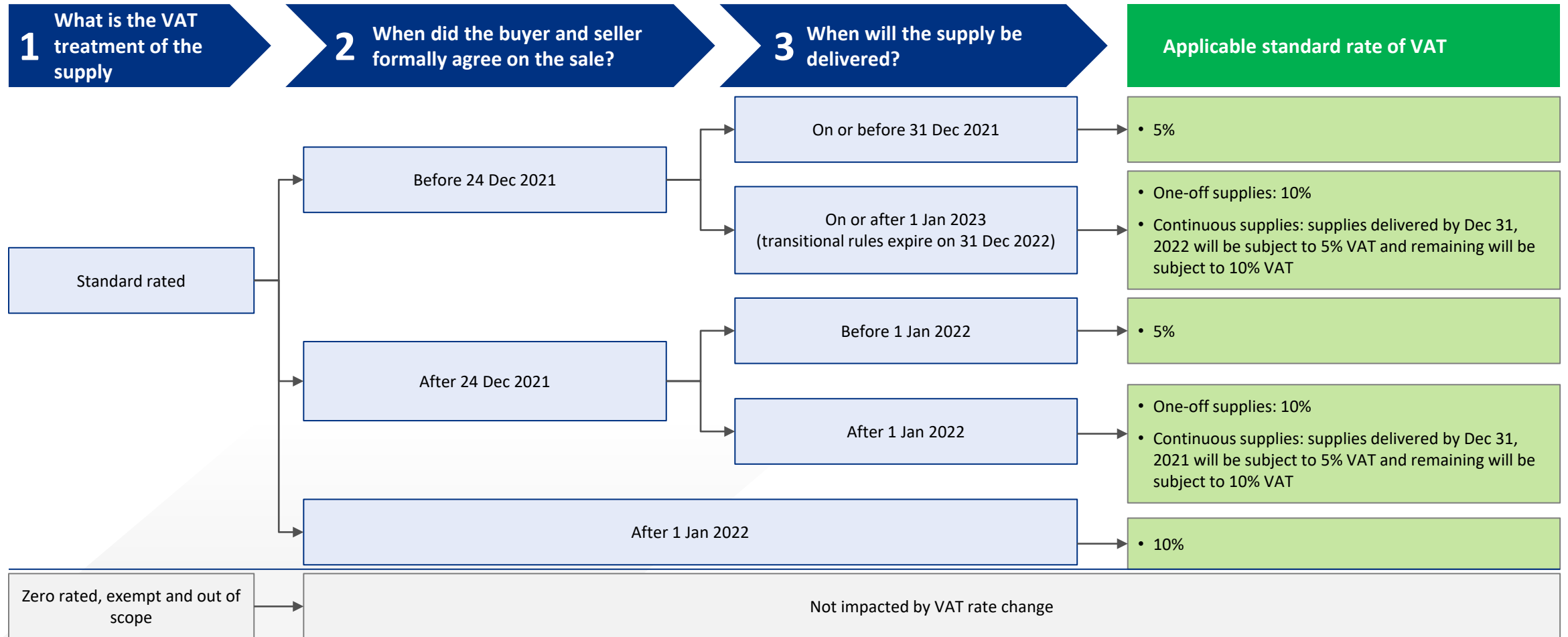
Law enforcement date

The enforcement date mentioned in the Amended VAT Law published in the Official Gazette, which is 24 December 2021

Effective date

The date on which the new VAT standard rate will be effective, which is 1 January 2022

NBR has defined a guide that can help VATpayers determine the applicable VAT standard rate



Transitional rules are applicable only when no changes have been made to the contract prior to the supply. For more information, please refer to The VAT Rate Change Transitional Provisions Guide available on NBR's website.

List of examples on transitional rules mechanism



One-off supply	1	Contract entered into before 24 December 2021 and the supply is made in 2022
	2	Contract entered into between 24 December 2021 and 1 January 2022 and the supply is made in 2022
	3	Contract entered into between 24 December 2021 and 1 January 2022 and the supply is made in 2022 over payments schedule
	4	Contract entered into before 24 December 2021 and the supply is made in 2023
Continuous supply	5	Contract entered into before 24 December 2021 and the supply is made from 2021 to 2023 with payment made upfront
	6	Contract entered into before 24 December 2021 and the supply is made from 2021 to 2023 with payment made each month
	7	Contract entered into before 24 December 2021 and the supply is made from 2021 to 2023, with changes to contracts after 1 January 2022
	8	Contract entered into between 24 December 2021 and 1 January 2022 and the supply is made in 2021 to 2022

Example 1: One-off supply contract entered into before 24 December 2021 and the supply is made in 2022

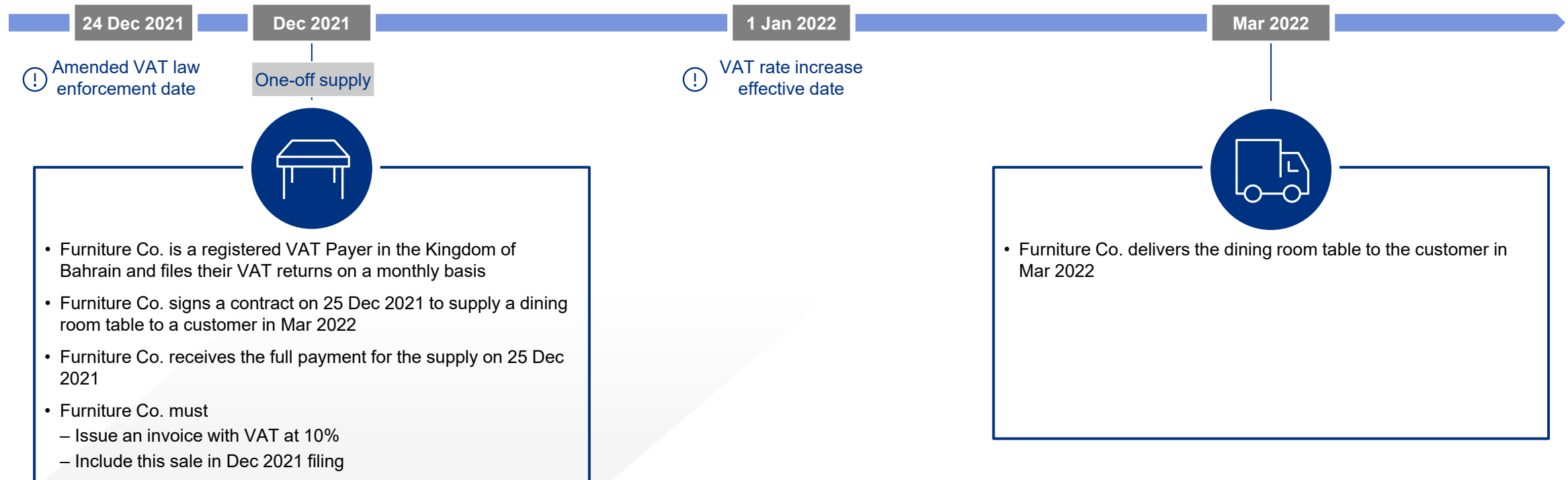
Applicable transitional rule: VAT rate of 5% is applicable on supplies with agreement before law enforcement date and delivery in 2022



This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 2: One-off supply contract between 24 December 2021 and 1 January 2022 and the supply is made in 2022

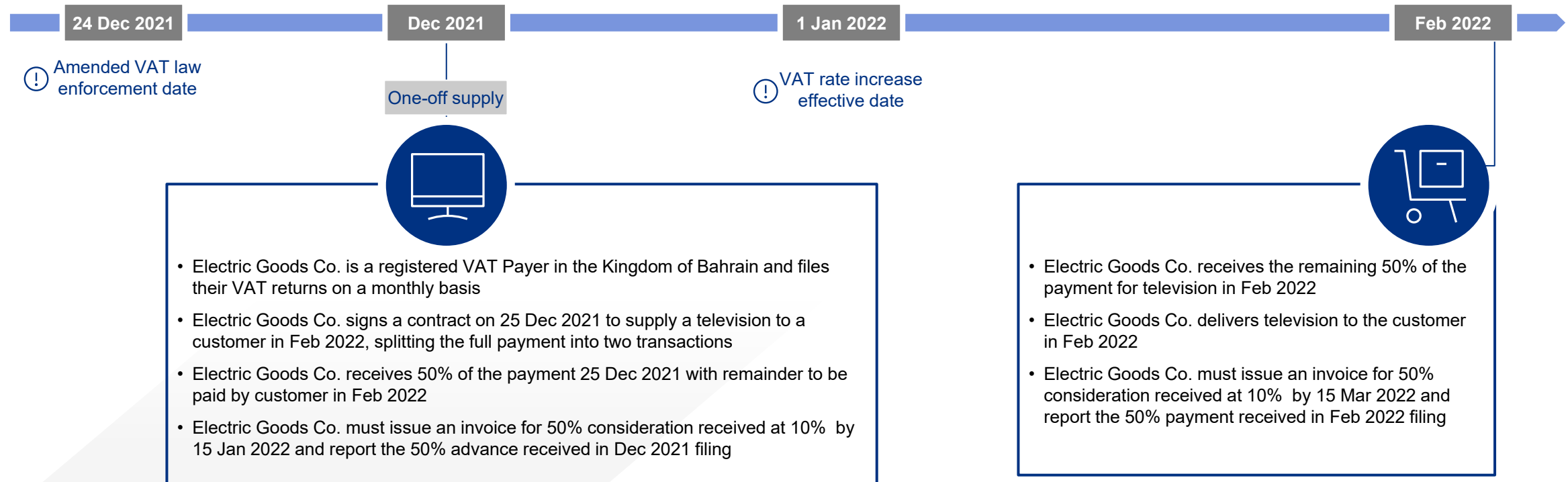
Applicable transitional rule: VAT rate of 10% is applicable on supplies with agreement between law enforcement date and effective date with delivery in 2022



This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 3: One-off supply contract entered into **between 24 December 2021 and 1 January 2022** and the supply is made in 2022 over payments schedule

Applicable transitional rule: VAT rate of 10% is applicable on supplies with agreement between law enforcement date and effective date with delivery in 2022

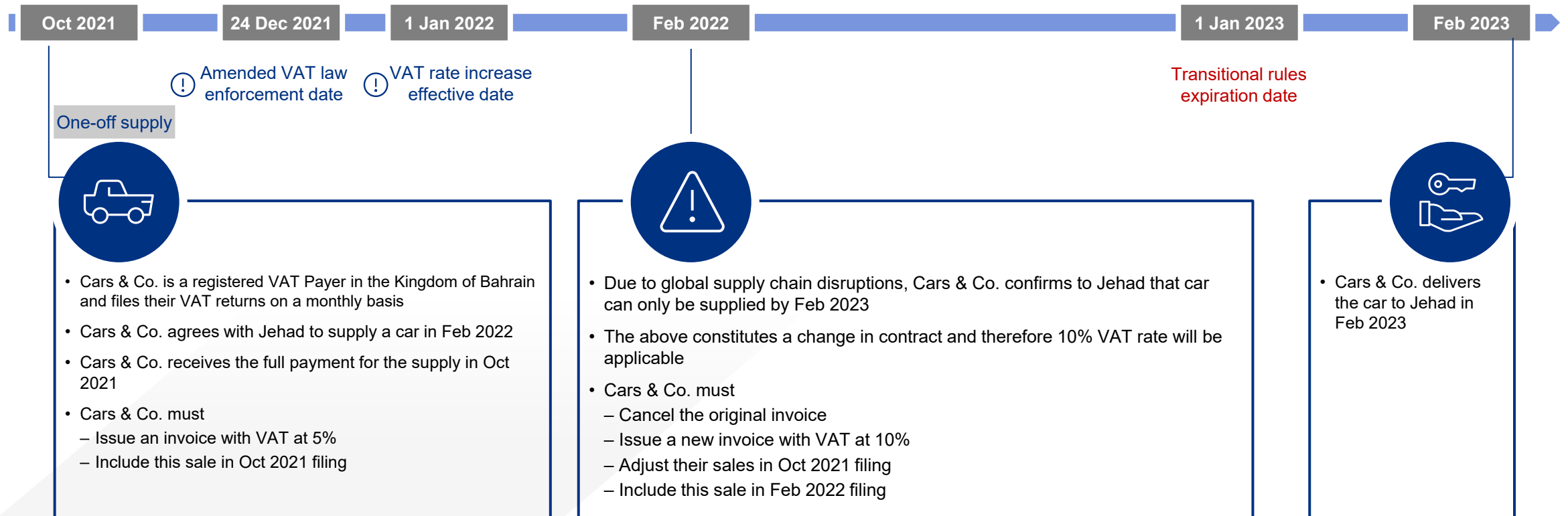


This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 4: One-off supply contract before 24 December 2021 and the supply is made in 2023

Applicable transitional rule: VAT rate of 5% is applicable on one-off supplies under contracts entered into before Dec 24, 2021 and delivered in 2022

Applicable transitional rule: VAT rate of 10% is applicable on one-off supplies under contracts entered into before Dec 24, 2021 and if the contract is amended after Jan 01, 2022

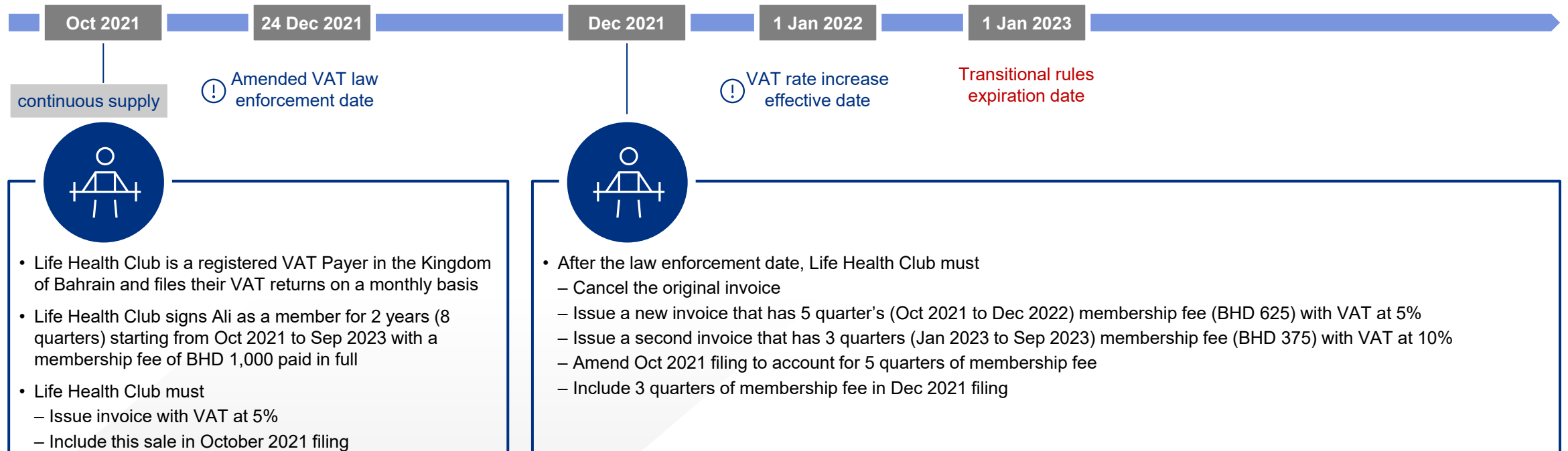


For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 5: Continuous supply contract entered into before 24 December 2021 and the supply is made from 2021 to 2023 with payment made upfront

Applicable transitional rule: VAT rate of 5% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 and delivered in 2021 and 2022

Applicable transitional rule: VAT rate of 10% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 and delivered in 2023 and onwards

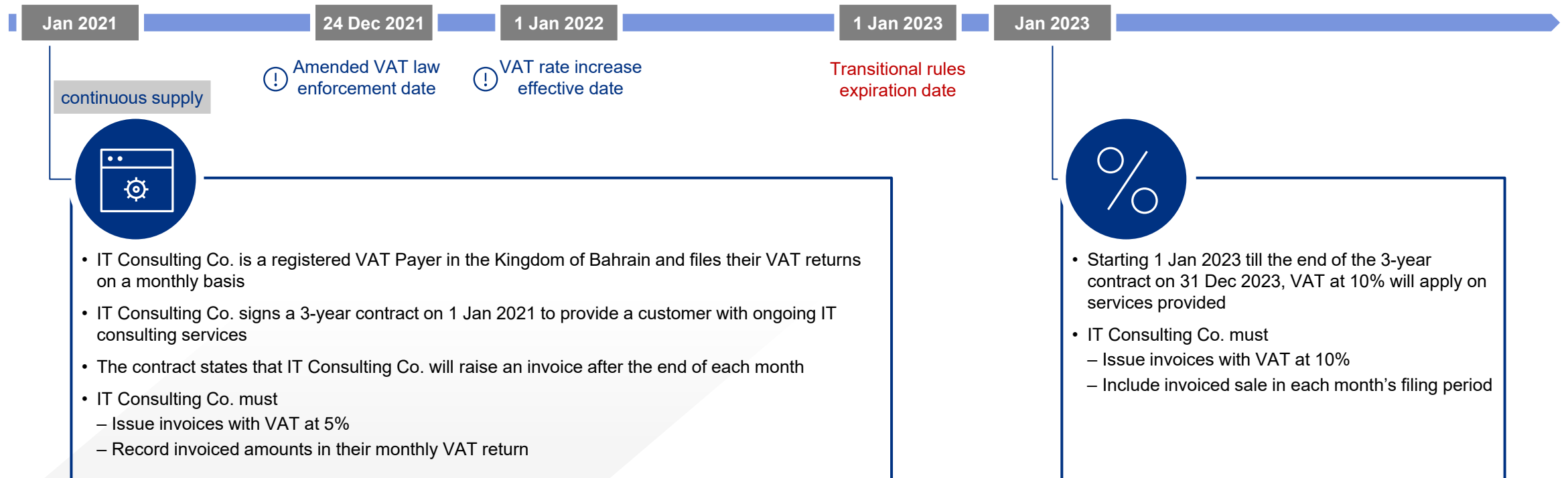


This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 6: Continuous supply contract entered into before 24 December 2021 and the supply is made from 2021 to 2023 with payment made each month

Applicable transitional rule: VAT rate of 5% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 and delivered in 2022

Applicable transitional rule: VAT rate of 10% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 date and delivered in 2023

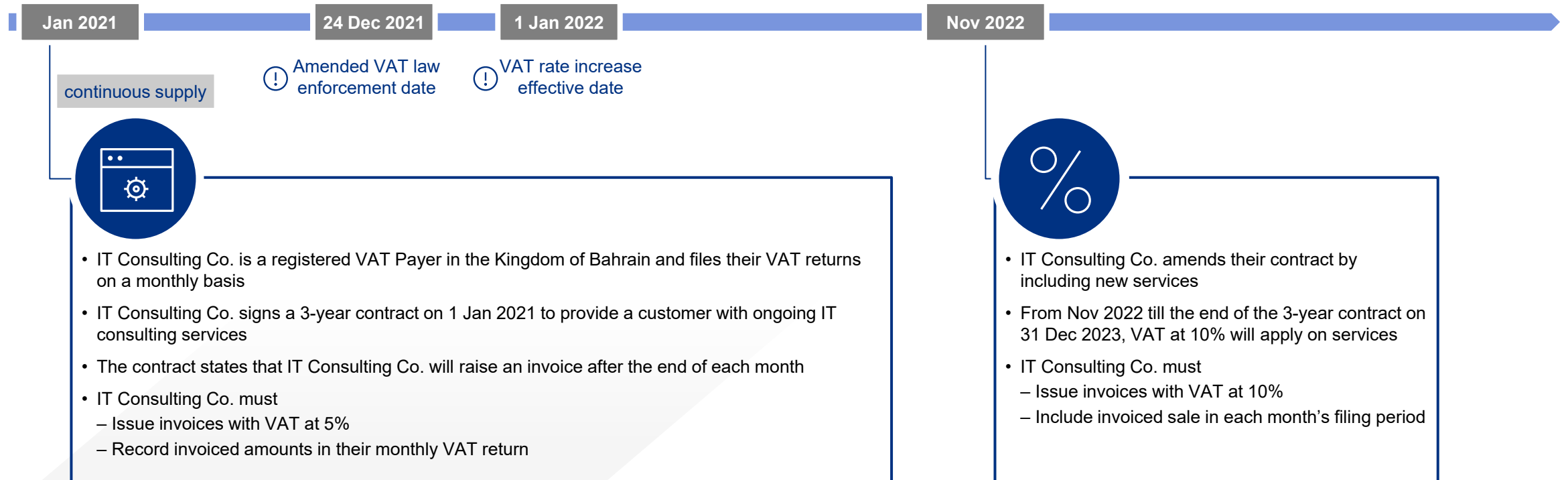


This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 7: Continuous supply contract entered into before 24 December 2021 and the supply is made from 2021 to 2023, with a change to the contract after 1 January 2022

Applicable transitional rule: VAT rate of 5% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 and delivered in 2022

Applicable transitional rule: VAT rate of 10% is applicable on continuous supplies under contracts entered into before Dec 24, 2021 and the contract is amended after the 1 January 2022

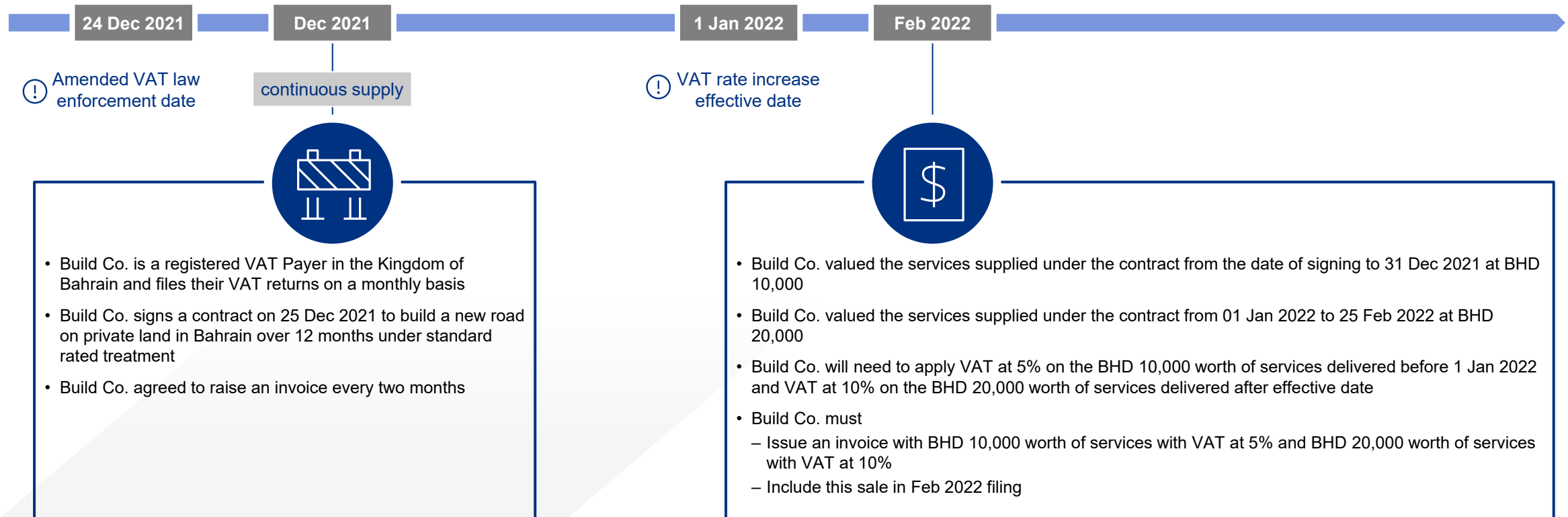


For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.

Example 8: Continuous supply contract entered into **between 24 December 2021 and 1 January 2022** and the supply is made in 2021 to 2022

Applicable transitional rule: VAT rate of 5% is applicable on continuous supplies under contracts entered into after Dec 24, 2021 and delivered in 2021

Applicable transitional rule: VAT rate of 10% is applicable on continuous supplies under contracts entered into after Dec 24, 2021 and delivered in 2022 and onwards



This is assuming no changes were made to the contract prior to the supply. For more information, please refer to the VAT Rate Change Transitional Provision Guide on the NBR's website.