



Bahrain VAT Regulations – Synopsis for Healthcare Sector

The stage is set for implementation of Value Added Tax (VAT) in phased manner in the Kingdom of Bahrain (Bahrain) with the release of the Arabic version of the Executive Regulations (regulations) on 13th December 2018. As indicated in the VAT law released in October'18, healthcare has been given the its due importance and most of the activities in this sector have been kept in the zero-rate category.

The impact of VAT on healthcare sector has been analyzed by us on the basis of unofficial translation of the Arabic version and the sector specific presentations released by the National Bureau of Taxation (NBT) and Ministry of Finance (MoF), Bahrain. Readers are advised to peruse the regulations and take counsel from WTS Dhruva or other tax advisors, before implementing any of the guidance / suggestions in their businesses.

Bahrain VAT on Healthcare Sector

The VAT at zero rate will apply to

- I. Goods / Services *related to preventive and primary healthcare services (PPHS)* offered to the patient while on treatment; and
- II. Specified medicines and medical equipment



I. Preventive and Primary Healthcare Services (PPHS)

For zero rating benefit, PPHS

- must be directly offered to the patient.
 - should be provided by qualifying medical specialists or qualifying medical institutions, in accordance with the applicable laws and legislations in force in the Kingdom.
 - will also cover medical & other goods supplied during the treatment to the patient.
- Also, such services

Meaning of Qualified medical institution/specialist:

Who	Conditions	Illustrative examples
Qualifying Medical Institutions	Licensed by the National Health Regulatory Authority (NHRA) or subject to the supervision of the Ministry of Health	Hospitals, Therapeutic Medical Centres, Medical Complexes, Private Clinics, Alternative Medicine Centres and all Centres and Facilities engaged in the practice of para medical professions
Qualified Medical Specialists	Licensed to practice by the NHRA or any other competent medical entity in the Kingdom	Health Practitioners, Midwives, Nurses, Psychiatrists, Dentists, Opticians, Radiologists, Pathologists, Paramedics, Pharmacists.



The below table provides examples for determining whether a particular activity would qualify to be a PPHS for zero rating or it would be taxed at standard rate of 5%.

Activity	Inclusions and conditions	Illustrative supplies
Zero Rated		
Primary and preventive healthcare services	When offered by qualified persons	Public health services, Specialty services including surgeries, Dental services, Psychologic and psychiatric treatment services, Occupational health or surgical services. Speech therapy, Physiotherapy provided by a qualified specialist, Vision and hearing screening services, Nursing care (including home nursing care), Diagnostic services including analyses and radiology, Immunizations and vaccines, Health tests and examinations conducted under a local legislation or documented policy or contractual obligation, Cosmetic procedures unless they constitute part of a medical treatment prescribed by a qualifying medical practitioner.
Supply of goods/services related to primary / preventive healthcare offered directly to the patient while on treatment	Will include medicines, dressings and other consumable medical items	
Lab services	When offered by qualified persons	
Transport Services	When provided to sick/injured person	
Accommodation	When offered by qualified medical institutions to patients	
Food		
Deceased Person's services	When provided within the qualifying medical institutions	
Teleconsultations offered by electronic means	When medical consultations through telephone/video are offered to the patient	
Standard Rated @ 5%		
Food	When supplied to patient's family or visitors	
Accommodation		
Parking & Valet services	When supplied to patient or any other person	
Telephone, internet, electronic services, TV rental etc		



//. Medicines and Medical equipment

Import or supply of medicines and medical equipment as specified by the government authorities (list awaited) is zero rated. We understand that this list will be issued shortly in consultation with the Ministry of Health.

WTS Dhruva's Comments:

- The zero rating of VAT is limited to PPHS only when provided by qualified medical institution or specialists and specified medicines / medical equipment. Thus, businesses engaged in providing these services need to do proper determination taxable and zero-rated transactions
- Despite zero rating of all or majority of the revenue, VAT registration will help businesses in the medical sector reclaim Input VAT
- Due care has to be exercised while raising invoices for cases covered by Insurance, key issue being who is the customer.

Please read this alert in conjunction with our alert on Synopsis on the Bahrain VAT Executive regulations. WTS Dhruva will be happy to answer any query/ clarification or provide support in relation to Bahrain and GCC VAT. Please reach out to us at gccvatquery@dhruvaadvisors.com or at +973 16631921.



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