



DECREE 48:

BAHRAIN'S VAT LAW

Unofficial English Translation - WTS Dhruva

**Decree-Law No. (48) of 2018
Issuing the VAT law**

We, Hamad Bin Isa Al Khalifa, King of the Kingdom of Bahrain,

After reviewing the Constitution, and in particular Article (38) thereof,
And the Civil and Commercial Procedures Law promulgated by Legislative Decree No. (12) of 1971 and its amendments,
And the Penal Code promulgated by Legislative Decree No. (15) of 1976 and its amendments,
And the Trade Law promulgated by Legislative Decree No. 7 of 1987 and its amendments,
And Decree-Law No. (10) of 1990 regarding the control of pearls and precious stones, as amended by Legislative Decree No. (65) of 2014,
And the Civil Code promulgated by Legislative Decree No. (19) of 2001, as amended by Law No. (27) of 2017,
And the Business Companies Law promulgated by Legislative Decree No. (21) for the year 2001 and its amendments,
And Decree-Law No. (10) of 2002 approving the unified customs system (law) of the Gulf Cooperation Council states,
And Decree-Law No. (39) of 2002 on the general budget and its amendments,
And the Code of Criminal Procedure promulgated by Legislative Decree No. 46 of 2002 and its amendments,
And the Central Bank of Bahrain and Financial Institutions Law promulgated by Law No. 64 of 2006 and its amendments,
And Law No. (16) of 2014 regarding the protection of state information and documents,
And Decree-Law No. (27) of 2015 regarding the Commercial Register,
And Law No. (18) of 2016 regarding Limited Investment Partnerships,
And Decree-Law No. (47) of 2018 to ratify the unified value added tax agreement of the GCC countries,

And based on the proposal of HRH the Prime Minister,

And after the approval of the Council of Ministers, We have ratified and enacted the following:

Article 1

The provisions of the Value Added Tax Law associated with this Law shall apply.

Article 2

The Minister may, after the approval of the Council of Ministers, determine the percentage of tax revenues and administrative fines for purposes of covering tax refund requests in accordance with the applicable tax laws in the Kingdom.

The amounts impounded shall be deposited in a separate account at one of the accredited banks. The withdrawal from these amounts shall be made in accordance with the mechanism of recovery established under the applicable tax laws of the Kingdom.

Article 3

The Minister shall issue, after the approval of the Council of Ministers, the implementing regulation of this Law within fifteen days from the date of its implementation.

Article 4

The Prime Minister and the Ministers, each in his respective capacity, shall implement this Law, which shall come into effect on January 1, 2019. It shall be published in the Official Gazette, and the provisions of Article (77) of the associated Law shall apply from the day following the date of publication.

Hamad bin Isa Al Khalifa

King of the Kingdom of Bahrain

Khalifa bin Salman Al Khalifa
Prime Minister

Issued at Riffa Palace
On the 25th of Muharram 1440
Corresponding to 5th October, 2018

VAT law **Chapter One** **Preliminary provisions**

Article (1) **Definitions**

In the application of the provisions of this Decree-Law, the following words and expressions shall have the meanings assigned against each unless the context otherwise requires:

1. **The Kingdom:** The territory of the Kingdom of Bahrain, including its lands and subsoil, adjacent territorial waters and seabed, and all on which sovereign rights are exercised, in accordance with the provisions of international law.
2. **Minister:** Minister of Finance.
3. **Authority:** The GCC National Taxation Authority established by Decree No. (45) of 2018.
4. **Council:** Gulf Cooperation Council.
5. **The Agreement:** The Unified Value Added Tax Agreement of the GCC States, ratified by Legislative Decree No. 47 of 2018.
6. **The Unified Customs System (Law):** Decree-Law No. (10) of 2002 approving the unified Customs Law of the GCC States.
7. **The First Entry Point:** The first customs entry point for goods entering the GCC region from abroad according to the unified customs law.
8. **Final destination point:** The customs point of goods entry into any of the States of the Council when that State is the ultimate destination of the goods,
9. **Value Added Tax:** A tax imposed on the import and supply of Goods and Services at each stage of production and distribution, including the Deemed Supply.
10. **Deemed Supply:** Operations deemed to be the supply of goods and services, in accordance with the cases provided for in this law.
11. **Supply:** Any form of paid supply of goods and services, in accordance with the provisions of this law.
12. **Implementing States:** The GCC States that are implementing a Tax law pursuant to their local laws.
13. **Person:** any natural or legal person, public or private, or any other form of partnership.
14. **Taxable Person:** A person who carries on an economic activity independently for the purpose of achieving income, and is registered or obliged to register for tax purposes under the provisions of this law.
15. **Taxable Trader:** A Taxable Person in any Implementing State, whose main activity is the distribution of gas, oil, water or electricity.

16. **The economic activity:** The activity being carried out in a continuous and regular manner and shall include commercial or industrial, or agricultural, or professional, or service or, any use of material or non-material properties, or any other similar activity.
17. **Goods:** All types of material property/material assets and shall include water and all types of energy including electricity, gas, lighting, heating, refrigeration & air conditioning.
18. **Import of goods:** Entry of goods from outside the territory of the GCC states to any member state in accordance with the provisions of the common customs system (law).
19. **Export of goods:** Supply of goods from any member state to outside the territory of the GCC states in accordance with the provisions of the common customs system (law).
20. **Services:** Everything that is not a commodity, whether locally or imported.
21. **Taxable supplies:** Supplies upon which tax is levied based on the provisions of this Agreement, based either on the basic rate or zero rate and the related input tax shall be deducted based on the provisions of this Agreement.
22. **Input Tax:** Tax incurred by the taxable person in relation to goods & services supplied to him or, imported for the purposes of carrying out economic activity.
23. **Tax exempted supplies:** Supplies upon which tax is not levied, and the related input tax shall not be deducted based on the provisions of this Law.
24. **Registration number:** The special tax identification number issued by the Authority to the Registrar for tax purposes.
25. **Tax Group:** Two or more persons are registered for tax purposes and shall be treated as one taxable person in accordance with the provisions of this Law.
26. **The consideration:** All that the taxable supplier has received or shall receive from the customer or from a third party in return for supplying goods or services including VAT.
27. **Importer:** A person whose customs records show that he is an importer of goods in accordance with the provisions of the common customs system (law).
28. **The supplier:** The person who supplies goods or services.
29. **The customer:** The person receiving goods or services.
30. **Resident:** Each person who has a place of residence in the Kingdom.
31. **Non Resident:** Each person who has no place of residence in the Kingdom.
32. **The place of residence of the person:** The place where the headquarters of the person or any other type of establishment shall be based. In the case of a natural person his usual place of residence in case of not having headquarters or a fixed establishment. And in case the person has a place of residence in more than one state, the place of residence shall be considered to be the place which is more closely related to the supply.
33. **The headquarters:** The place where the business is legally incorporated or, the place where the actual management takes place, and where the main decisions related to the progress of work takes place – in case it was different from the place of incorporation.
34. **The Fixed Establishment:** Any fixed place for business other than the headquarters, where work is carried out and is distinguished by the fact that it has human & technical resources on a permanent basis and in a way that enables a person to supply or receive goods or services.
35. **Capital Assets:** Tangible or intangible assets which constitute part of the assets of the business and are assigned for long-term use as a business tool or as an investment means.
36. **The reverse (charge) calculation:** The mechanism by virtue of which the taxable customer is liable for the tax due on behalf of the supplier and responsible for all the obligations provided under this Agreement & the local law.
37. **The related persons:** Two or more persons where one person has the authority of supervision & direction over the other person, whereby he holds an administrative authority enabling him to influence the work of the other person from financial, economic & organizational aspect; including persons subject to a third person's authority enabling him to influence their work from a financial or economic or organizational aspect. **The deductible tax:** Input tax, which can be deducted from the tax due on the supplies for each tax period in accordance with the provisions of this Law.
38. **The net tax:** The tax resulting from subtracting the deductible tax in a member state from the tax due in such state during the same tax period, and the net tax could be either payable or refundable.

39. **The mandatory registration threshold:** The minimum limit for the value of actual supplies by virtue of which the taxable person shall be required to register for tax purposes.
40. **The voluntary registration threshold:** The minimum limit for the value of actual supplies by virtue of which the taxable person may apply to register for tax purposes.
41. **Tax Return:** Information and data specified for Tax purposes and submitted by a Taxable Person in accordance with a form prepared by the Authority.
42. **The tax period:** The period of time upon which the net tax shall be computed and the tax return is submitted.
43. **Tax Invoice:** A written or electronic document that the taxable person is obligated to submit, and in which the details of a Taxable Supply is recorded.
44. **Tax Credit / Debit Note:** A written or electronic document that the taxable person is obligated to submit when doing any amendment to the Supply Consideration in accordance with the provisions of this Law.
45. **Voucher:** Any written or electronic instrument that gives the right to receive Goods or Services against the value stated thereon or the right to receive a discount on the price of the Goods or Services. Vouchers do not include postage stamps issued by the Kingdom Post.
46. **The market value:** the price in return for which the goods or services can be traded in an open market between two independent parties and within competitive conditions, and it does not include any tax.
47. **Government Entities:** Ministries, government departments, government agencies, authorities and public institutions in the Kingdom.
- Internal Supplies:** Supplies of goods or services by a supplier resident in The Kingdom to a customer resident in another implementing state, and vice versa.
48. **Sovereign Supplies:** Supplies made by government agencies in their sole capacity, whether they are paid or free of charge.
49. **Tax Representative:** The person authorized by the Authority to represent the taxable non-resident in all matters relating to his obligations and tax rights.
50. **Tax Agent:** A person licensed by the Authority to act on behalf of the taxable resident in respect of all his obligations and tax rights.
51. **Regulation:** The executive regulations of this law.

Chapter Two Scope of the Tax and its Rate

Article (2) Scope of the Tax

Tax is imposed on all Taxable Supplies of Goods and Services made in the Kingdom by a Taxable Person or received in the Kingdom by a Taxable Person in instances where the Reverse Charge Mechanism applies.

Article (3) Tax Rate

The tax shall be imposed at a basic rate of (5%) of the value of the supply or import unless a special provision is provided in this law exempt from tax or imposed by zero rate.

The declared price of goods and services in the local market shall include the value of the tax due, in accordance with the terms and conditions prescribed by the Regulations.

Article (4)
The persons liable to pay tax

The tax shall be payable by:

1. Taxable person who carries out the supply of goods and services in the Kingdom.
2. The taxable customer who receives goods or services in the Kingdom from a non-resident supplier according to the reverse charge mechanism, by disclosing them within his tax return.
3. Any person appointed or recognized as an importer in accordance with the provisions of the Common Customs Law and shall be obliged to pay the tax due for importation.
4. Every person mentions a tax amount on an invoice issued in the Kingdom.

The Regulations shall specify the rules and procedures for applying the provisions of this Article.

Chapter Three
Supply

Article (5)
Supply of Goods

- A. Supply of goods shall mean transferring the ownership of such goods or the right to dispose it as an owner, including the following cases:
1. Waiving the right of ownership of the goods by virtue of an agreement providing for the transfer of ownership of such goods or, the possibility to transfer it at a date subsequent to the date of such agreement (but) not later than the date of full settlement of the consideration.
 2. Granting in rem rights resulting from the ownership, which give the right to use for real estate properties.
 3. Transferring ownership of goods for a consideration in a compulsory manner by means of a decision issued by the Public Authorities or by means of any applicable law in the Kingdom.
 4. The taxable person transferring goods that constitute part of his assets from its location in The Kingdom to another location in another implementing state, except in the following cases.
 - a) Proven use of goods in other implementing state on a temporary basis within the conditions of temporary import stipulated under the common customs system (law).
 - b) The condition of the transfer of goods as a part of another taxable supply in the other implementing state.
- B. The Regulations shall specify the rules and procedures for the application of the provisions of this Article, including the provisions governing the supply transactions of multiple components at a single price, whether these components are goods or services or both.

Article (6)
Supply of services

Any supply transaction which doesn't constitute supply of goods shall be considered as a supply of services based on the provisions of the regulation.

Article (7)
Vouchers

the sale or issuance of the vouchers is not considered to be a supply unless the consideration received for this sale or issuance exceeds its codified nominal value. The process of supplying goods and services in exchange of vouchers shall be subject to the tax in accordance with the terms and conditions specified by the regulation.

Article (8)
Supply via Agent

If the taxable person supplies or receives goods or services in his own name on behalf of another person, he will be treated for the purposes of the application of this law as being present in the supply or receipt of such goods or services by himself.

Article (9)
Supply by Government Entities

Supplies by Government Entities are submitting to tax as long as they are operated in a non-sovereign manner through the conduct of economic activity in accordance with competitive mechanisms with the private sector. A decision shall be issued by the Prime Minister determining these entities, their taxable supplies, the nature of the tax returns they submit and the cancellation of their registration.

Article (10)
Deemed Supply

- A. The taxable person shall be considered as if he has carried out a supply of goods transaction, in the following cases:
1. The use or assignment of goods which constitute part of his assets for other than economic activity purposes.
 2. Changing the use of goods in order to carry out non-taxable supplies.
 3. Keeping goods he owns on the date of cancellation of his registration despite ceasing economic activity.
 4. Supply of goods without consideration unless supply is taking place in the context of business such as samples & gifts of insignificant value for the purposes of his economic activity within the amount specified by the Regulation.
 5. Providing services without consideration.
- B. The provisions of paragraph (a) of this Article shall apply where the taxable person deducts the input tax for the goods and services referred to.
- C. The regulation shall specify the detailed provisions regulating the deemed supply.

Article (11)
Waiver of economic activity

A taxable person's waiver of his economic activity or part thereof in favor of the taxable assignee in the Kingdom shall not be deemed to be a supply- for the purposes of the application of this Law- whether with or without consideration.

The Regulations shall specify the terms and conditions of the application of this Article.

Chapter Four
Tax Due Date

Article (12)
Tax Due Date on the Supply of Goods & Services in general

- A. Tax shall fall due on the date of supply of goods or services or, on the date of issuing a tax invoice or, on the date of receiving partial or full consideration and within the limit of the amount received, whichever is earlier.
- B. The date of supply of the goods or services on which the tax is due shall be as follows
1. The starting date of transport of goods if they are transported under the supervision of the supplier.
 2. The date such goods were placed at the disposal of the customer if they are transported without supervision from the supplier.
 3. The completion date of installation or assembly of goods, with respect to the transactions of supply of goods with installation or assembly.
 4. The completion date of performance of the services.

Article (13)

The date of the tax on the supply of goods and services in certain cases

- A. The date of supply of goods or services for any contract involving periodic payments or consecutive invoices is the earlier date of the following dates and provided that it does not exceed the period of twelve months from the date of commencement of the supply of goods or services.
 - 1. The date of issuing any tax invoice or any other similar document.
 - 2. The due date of payment of the amount specified in the tax invoice.
 - 3. Date of receipt of the amount paid.
- B. The date of supply in cases where the payment is made through the vending machines is the date of collection of the amounts paid from these machines.
- C. The date of the deemed supply of the goods or services is the date of their supply, assignment, disposition, change in the use or the date of canceling the registration, on a case by case basis, as determined by the Regulation.
- D. The date of the customs duty due or the date on which it was supposed to be due in accordance with the provisions of the Common Customs System (Law).
- E. The date of supply of the vouchers shall be the date of issuance or the subsequent date of supply.

Chapter Five

Place of supply

Article (14)

Place of supply of goods

- A. The place of supply of goods in the Kingdom shall be in the following cases:
 - 1. If the goods are placed at the disposal of the customer in the Kingdom for the supply without transport or dispatch.
 - 2. If the goods were in the Kingdom at the time of the commencement of their transport or dispatch in respect of the supply with the transport or dispatch, whether transferred or sent by the supplier or to the customer's account.
 - 3. If the installation or assembly of the goods supplied has been done in the Kingdom.
- B. As for the internal supplies of goods:
 - 1. The place of the internal supplies of goods in the Kingdom shall be the place where the transport or dispatch of the goods ends, and the customer is subject to tax therein or the supplier is registered or obliged to register therein.
 - 2. The place of supply of the internal supplies of goods shall be in the Kingdom if it is the place of commencement of the transport or dispatch of the goods in case of supply without assembly and installation, and the supplier is registered for tax purposes and the customer is not registered in the implementing state in which the transport or dispatch ends, provided that the value of the supplier's taxable imports to this implementing state does not exceed twelve consecutive months which is the mandatory registration limit.

Article (15)

Place of Supply of energy and water

As an exception to the provisions of article (14) of this Law, the location of the supply of gas, oil, and water is determined through the distribution system through the pipelines and the supply of electricity through the networks of production, transmission, and distribution of electricity according to the following:

- 1. If the supply is from a taxable person's headquarters in The Kingdom to a taxable trader's headquarters in another implementing state, the place of supply shall be considered to be at the taxable trader's headquarters.
- 2. If the supply is from a taxable person to a non-taxable person, the place of supply shall be located in the actual place of consumption.

Article (16)
Place of Supply of Services

The place of supply of services shall be located in the Kingdom if the taxable supplier is resident therein provided that the customer is not taxable and registered for tax purposes in one of the other implementing states, otherwise the place of supply of services shall be in the customer's place of residence.

Article (17)
Place of Supply of Other Services

As an exception to the provisions of Article (16) of this law, the location of the supply of other services shall be determined in the following cases:

1. In the place of residence of the taxable client in cases where the supplier does not have a residence in the Kingdom.
2. In the place where the means of transport are placed at the customer's disposal if the supply relates to the hiring of means of transport between a taxable supplier and a non-taxable customer.
3. In the place of actual implementation of the following supplies:
 - a. Restaurant & hotels services as well as food & beverages catering supplies.
 - b. Cultural, artistic, sports, educational & entertainment services.
 - c. Services related to the transported goods supplied by a taxable supplier resident in The Kingdom, to a non-taxable customer resident in another implementing state.
4. In the place where the real estate is located if the supply is related to services which are related to the real estate, as determined by the regulation.
5. At the starting point of the transport of the goods, passengers and related services if the supply is related to the transport of goods and passengers in accordance with the regulations.

Article (18)
**Place of Supply of Wire & Wireless
Telecommunication Services & Electronic Services**

The place of supply of Wire and Wireless telecommunication services and electronic services shall be in the Kingdom if they are benefited from and used in the Kingdom within the limits of such benefit and use regardless of the place of the contract or payment of the consideration.

The Regulations shall specify the nature and types of telecommunications services and electronic services and the terms and conditions of implementing this Article.

Chapter Six
Import

Article (19)
Place of Import

The place of import shall be in the Kingdom in the following two cases:

1. If the Kingdom is the first entry point of the goods imported to the GCC States.
2. If the Kingdom is the place of releasing imported goods from the position of suspending the customs duties when placed in one of the positions of suspending the customs duties in accordance with the provisions of the common customs system (law) upon importing them into the territory of the GCC states.

Chapter Six

Value of Supply and Import

Article (20)

Value of Supply

- A. The supply value shall be the consideration value exclusive of tax, and it shall include all expenses levied by the taxable supplier on the customer and the fees due as a result of the supply and all taxes including excise taxes except for VAT.
- B. If the whole or part of the consideration is non-monetary, the value of the supply shall be calculated on the basis of the total cash part plus the fair market value of the non-monetary portion of the consideration including all the expenses referred to in the preceding paragraph of this Article except for VAT.
- C. For the tax due in accordance with the reverse charge mechanism, the value of the supply is the purchase price, and in case the purchase price could not be determined, then the fair market value shall be used.
- D. If the consideration relates to other matters in addition to the supply of goods or services, the value of the supply shall be equal to the part of the consideration relating to such supply.
- E. The Regulations shall specify the provisions and rules governing the application of the provisions of this Article, as well as the conditions and controls for determining the market value.

Article (21)

Value of Imported Goods

The value of imported goods shall be the specified customs value based on the common customs system (law), in addition to excise taxes, customs duties and any other burdens excluding VAT.

If the import value is not determined in accordance with the preceding paragraph of this Article, it shall be determined in accordance with the rules set forth in the Common Customs system (law).

Article (22)

Value of Supply between the Related Persons

Notwithstanding the provisions of Articles 20 and 21 of this Law, the value of the supply of goods or services between related persons shall be calculated on the basis of the market value if the value of supply is less than the market value and the customer is not entitled to deduct the full input tax.

The Regulations shall specify the terms and conditions of the application of this Article.

Article (23)

Value of Deemed Supply

The deemed supply value is calculated on the basis of the purchase price or the actual cost of the goods or services contained in the deemed supply.

And in case purchase price or cost could not be determined, then the fair market value shall be used.

Article (24)

Value of Supply after Reduction

The value or supply shall be reduced based on the following:

- 1. Price discounts & rebates offered to the customer.
- 2. Value of subsidies offered by a state to a supplier.
- 3. Amounts paid by a taxable supplier for and on behalf of a customer, and in such a case the taxable supplier shall not have the right to deduct the taxes paid on such expenses.

The regulation shall specify the terms and conditions for calculating the tax after reduction.

Article (25)
Value of vouchers

The value of the voucher is calculated on the basis of the value of the difference between the consideration that the voucher supplier got and the nominal value written on it.

Article (26)
Value when re-import after transportation and temporary export of goods

If the goods are temporarily transferred to one of the implementing countries or exported to complete their manufacturing or repair abroad, such goods shall be subject to tax when re-importing them to The Kingdom, on the basis of the value which has been added to the goods, based on the terms & conditions stipulated under the common customs system (law).

Article (27)
Value of Supply based on Profit Margin

The taxable person may, at any tax period and after the approval of the Authority, calculate the value of the supply of some of the taxable goods through the use of the profit margin mechanism instead of the value of supply. The regulation shall specify the goods on which the profit margin mechanism applies, and the conditions and controls for the application of this Article.

Article (28)
Adjustment of the Supply Value

The taxable person shall have the right to adjust the supply value on which tax has been levied when any of the following events shall take place at a date subsequent to the supply date:

1. Cancellation of the supply or rejecting it in part or in full.
2. Reducing the supply value.
3. Non-collection of the consideration in part or in full in accordance with the conditions applied for the write off of debts.
4. Return of goods or services provided that the supplier accepts.

The taxable person shall be liable to amend the value of the supply in the event of a change or a fundamental amendment in the nature of the supply, which would increase the amount of tax due.

The regulation shall specify the conditions and rules for the application of the provisions of this Article.

Chapter Eight
Registration

Article (29)
Mandatory Registration

- A. The mandatory registration limit shall be the limit provided for in article 50, paragraph 2, of the Agreement.
- B. The resident taxable person is obliged to register for tax purposes in the following two cases:
 1. If the value of the supply operations in the Kingdom during the twelve months preceding the end of any month during the year exceeded the mandatory registration limit.
 2. If the value of supply operations carried out in the Kingdom is expected to exceed, at any time, within a period of 12 months the mandatory registration limit.
- C. A non-resident person in the Kingdom shall be required to register regardless of the value of his supplies when he is liable for settlement of tax in the Kingdom. The registration of the non-resident person shall take place either directly or through appointing a tax representative for him based on the approval of the concerned tax authority. Such tax representative shall act on behalf of the non-resident person in accordance with the provisions provided for in Article (67) of this Law.
- D. The Regulations shall specify the rules, procedures and conditions necessary for the application of the provisions of this Article.

Article (30)
Tax Group Registration

Two or more taxable legal persons who are resident in the Kingdom may be registered as a single tax group at their request and after meeting the conditions and procedures specified in the Regulation.

All members of the tax group shall be jointly liable for the tax liabilities of that group arising during their term of office.

In all cases, the Authority may amend or cancel the registration of the tax group in accordance with the conditions, positions, and procedures specified in the Regulation.

Article (31)
Registration of persons related by the Authority

The Authority may automatically register related persons with the conditions, positions, and procedures specified in the Regulation.

Article (32)
Exception from the Registration

The Authority may exclude the taxable person from mandatory registration at his request if its entire supply is subject to the zero rate.

The taxable person shall, after agreeing to be exempted from mandatory registration, notify the Authority of any amendments or changes occur in his activity and make him bound to register immediately upon their occurrence in accordance with the dates, conditions, and procedures prescribed by the regulation.

In all cases, the Authority shall collect the tax and administrative fines due to the taxable person for the period during which he was exempted from registration without any right.

Article (33)
Optional (Voluntary) Registration

- A. The limit of registration shall be the limit provided for in article (51), paragraph (3), of the Agreement.
- B. A person not required to register shall have the right, in accordance with the provisions of Article (29) of this Law, to request registration, optionally, for tax purposes in the following two cases:
 - 1. If he proves at the end of any month that the value of his supplies or expenses during the previous 12 months amounted the limit of optional registration.
 - 2. At any time, the value of his supplies or expenses over the next 12 months is expected to exceed the limit of optional registration.
- C. The Regulation shall specify the rules, procedures and conditions necessary for the application of the provisions of this Article.

Article (34)
Cancellation of Registration

- A. The taxable person registered for tax purposes shall submit an application to the Authority to cancel his registration in any of the following cases:
 - 1. Ceasing to carry out an economic activity,
 - 2. Ceasing to carry out taxable supplies, within any period of twelve consecutive months.
 - 3. If at the end of any month the value of his taxable supplies for the preceding twelve months decreased below the limit of the voluntary registration, and the value of his supplies or expenses over the next 12 months is not expected to exceed the limit of the voluntary registration.

- B. The Registrar may apply to the Authority to cancel his registration if the value of his taxable supplies for the previous twelve months falls below the mandatory registration limit and exceeds the optional registration limit.
- C. The Regulations shall specify the procedures, rules, and conditions for canceling the registration and the rules regulating cases to decline the taxable person's application to cancel his registration.

Chapter 9 **Tax period and tax return**

Article (35) **Tax period**

In the tax period, the regulation specifies the tax period for which the taxable person must calculate and pay the tax provided that it is not less than one month. The start and end dates of this period may vary according to each taxable person, as well as the cases in which the tax period may be amended by increasing or decreasing, at the request of the taxable person.

Article (36) **Submission of the tax return**

The taxable person shall submit to the Authority a tax return for each tax period in which he discloses all import and supply operations he has made or received during that period on the form prepared for this purpose by the end of the last day of the month following the end of the tax period concerned.

The taxable person shall be bound to submit such return, even if he has not carried out any transaction of purchase, import or supply during the tax period.

If the taxable person does not submit his tax return within the period mentioned in the first paragraph of this Article, the Authority shall have the right to estimate the tax for the tax period for which no tax return has been submitted, provided that the Authority determines the basis on which it is based, without prejudice to the criminal liability of the taxable persons and the administrative fines provided for in this Law.

Subject to the provisions of Article (61) of the Agreement, the Regulation shall specify the data to be met in the tax return, its controls, conditions and its submission procedures.

Article (37) **Amendment of the tax return**

Subject to the provisions of Article (28) of this Law, the taxable person shall notify the Authority if it is necessary to amend his tax return. He shall make the necessary amendment in the tax return to correct it in accordance with the conditions, controls, and procedures specified by the Regulation.

Chapter ten **Tax Invoice**

Article (38) **Issuance of the Tax Invoice**

The taxable person must issue an original copy of the tax invoice when he supplies the goods and services, including the deemed supply or when he receives the consideration in full or in part before the date of supply.

Subject to the provisions of article (56), paragraph (1) of the Agreement, the Regulation shall specify the data to be included in the tax invoice and the conditions of its issuance procedures, including electronic invoices and cases where the taxable person is excluded from issuing the tax invoice and cases under which alternative documents may be issued on the tax invoice, and its conditions and data, and cases in which the customer or third party may issue the tax invoice on behalf of the supplier.

Article (39)
Date of Issuance of the Tax Invoice

The taxable person must issue the tax invoice no later than 15 days from the end of the month in which the supply was made.

Article (40)
The Currency used in the Tax Invoice

The amount in the tax invoice must be converted to Bahraini Dinar if the supply is made by another currency.

The convert is based on the rate of exchange approved by the Central Bank of Bahrain at the date of supply.

Article (41)
Adjustment of Tax Invoice (Credit Note/ Debit Note)

- A. The taxable person must amend the value of the supply when one of the cases provided for in Article (28) of this law is available after the issuance of the tax invoice. This amendment shall be included in a document that corrects the original tax invoice according to the following:
1. If the amount of the tax proven in the original invoice exceeds the actual value of the supply, the taxable person who made the supply shall issue a credit note to the customer.
 2. If the amount of tax proven in the original invoice is less than the actual value of the supply, the taxable person who made the supply must issue a debit note to the customer.
- B. In all cases, this document shall be treated with the same prescribed treatment of the original tax invoice.

Chapter Eleven
Tax Settlement and Deduction

Article (42)
Input Tax Deduction

- A. The deductible tax by the taxable person for any tax period shall be the total of the paid or payable input tax on the goods and services supplied to him or imported from him for the purpose of performing the following transactions:
1. Taxable supplies
 2. Supplies made outside the Kingdom whenever they are taxable therein.
- B. The tax paid at the time of importation in another implementing State, which is the first entry point into the GCC States, shall be deductible when the Kingdom is the final destination of goods.
- C. Subject to the provisions of paragraph (A) of this Article, the incurred input tax shall not be deducted in the following cases:
1. If paid for goods or services designated for non-purposes of the economic activity of the taxable person.
 2. If paid for goods prohibited in the Kingdom.
 3. If paid for imports or supplies exempt from tax in the Kingdom
- D. The regulation shall specify the other cases in which the input tax is not deductible, and shall also specify the terms, conditions, and controls regulating the application of the provisions of this Article.

Article (43)
Conditions of Input Tax Deduction

The deduction of the input tax in any tax period shall be subject to the receipt and retention of the taxable person to the tax invoice or the customs documents which prove that he is the importer of the goods related to the supply or import on which the input tax is due.

Article (44)
Paid Input Tax Deduction before the Registration Date

The taxable person shall have the right to deduct input tax on goods and services supplied to him or imported by him prior to the registration date under the tax return for the first tax period, upon fulfillment of the following conditions:

1. Receiving goods & services for the purposes of carrying out taxable supplies.
2. Not supplying goods prior to the registration date.
3. Not consuming the capital assets in full prior to the registration date.
4. Receiving services within a period not exceeding six months prior to the registration date.
5. Goods and services not being subject to any of the restrictions related to the right to deduct stipulated under this Agreement and this Law.

Article (45)
The Proportional Deduction of the Input Tax

In case the input tax was attributable to goods & services used for carrying out both taxable and non-taxable supplies, it shall not be permissible to deduct the input tax except within the percentage attributable to the taxable supplies.

Article (46)
Settlement of the Deductible Input Tax

A. A taxable person shall adjust the value of the input tax which has already been deducted upon importing or receiving goods or services supplied to him if the value of such input tax has become less or more than the value of the input tax claimed for deduction, in the following cases:

1. Cancellation or rejection of the supply transaction.
2. Reducing the supply consideration on a date subsequent to the supply date.
3. Non-settlement of the supply consideration, partially or fully in accordance with the terms of bad debts.
4. Changing the use of capital assets

B. A taxable person is not liable to adjust the value of input tax in any of the following two cases:

1. The taxable person has proved the loss, damage or theft of the goods supplied or imported to him, in accordance with the regulation conditions and controls.
2. The taxable person has used the goods supplied to him as samples or gifts of an insignificant value in accordance with the conditions specified under item (4) of paragraph (A) of Article (10) of this law.

Article (47)
Input Tax on Capital Assets

Input tax on capital assets is deducted at its net book value on the date of registration.

The regulation determines the deduction and adjustment of the input tax on capital assets and the retention periods for the records and books of capital assets.

Article (48)
Due Tax Settlement

Subject to the provisions of Article (41) of this Law, the taxable person shall settle the tax due in the following two cases:

1. Availability of one of the cases provided for in Article (28) of this law, resulting in an adjustment of the value of the supply.
2. If the tax is imposed incorrectly

The regulation shall specify the conditions and controls necessary for the settlement of the tax.

Article (49)
Net Tax Estimation by the Authority

In all cases, the Authority shall have the right to estimate the due amount of the tax if it is proved that the calculation of the tax is not valid by the taxable person, and its estimation shall be based on serious reasons from the data and documents available to it.

The Regulations shall specify the provisions, rules and procedures necessary for the application of this Article

Chapter Twelve
Tax Payment

Article (50)
Payment of Tax due for the Supply

The taxable person shall pay the amount to the Authority together with his tax return in accordance with the rules and procedures specified by the Regulation.

Article (51)
Payment of Tax on Imports

- A. The importer shall pay the tax due for importation if the Kingdom is the first entry point in accordance with the provisions of this Law to the Customs Affairs at the Ministry of the Interior in accordance with the procedures, regulations, and positions determined by the Authority.
- B. Notwithstanding the provisions of paragraph (A) of this Article, the Authority may allow the taxable importer to postpone the payment of the tax due on imported goods for the purposes of economic activity.

The taxable importer shall, in this case, disclose the postponed tax in his tax return, the postponed tax due and disclosed shall be deductible in accordance with the provisions of this Law

- C. The Regulations shall specify the provisions, rules and procedures necessary for the application of this Article.

Article (52)
Suspension of Tax

The tax shall be suspended upon importation if the imported goods are placed in one of the suspending conditions for customs duties in accordance with the conditions and controls provided for in the Common Customs System (Law).

The taxable importer shall, in this case, provide a financial guarantee covering the value of the tax which shall be calculated in accordance with the rules and regulations determined by the Regulation.

Chapter Thirteen
Tax at Zero Rate

Article (53)
Goods and services Subject to Zero Rate

The zero percent is applied to the following transactions:

1. Export of goods to outside the territory of the implementing states.
2. Supply of goods to be placed under any of the arrangements referred to in the Common Customs system (Law) where customs duties are suspended, and the supply of goods within such arrangements for suspending of the customs duties.
3. Passengers and goods transportation services from or to the Kingdom which begins in the Kingdom, ends in or passes through its territory, and includes the services and supply of means of transport associated with it.
4. Supply of preventive and basic health care services and associated goods and services.
5. Supplying or importing medicines and medical equipments, in coordination with the concerned medical authorities in the Kingdom.
6. Re-export of transported goods that have been temporarily imported to the territory of the Kingdom for repair or renovation or modification or processing, as well as the services added on such goods.
7. Supply of services by a taxable supplier resident in the Kingdom in favor of a customer non-resident in the territory of the other implementing states and benefiting from such service outside the territory of the implementing states Taking into account the provision of the article (17) of this Law.
8. The supply and import of investment gold, silver, and platinum when its purity level is of no less than 99% and is tradable in the international bullion market on the basis of a certificate issued by the Authority concerned to examine metals and stones of value in the Kingdom.
9. The first supply after extraction of gold, silver, and platinum for trade purposes.
10. Supply and import pearls and valuable stones after obtaining a certificate issued by the concerned authority to examine pearls and valuable stones by specifying its nature.
11. Construction of new buildings.
12. Supply of education services and related goods and services to kindergartens, pre-primary education, basic, secondary and higher education.
13. Local transport sector.
14. Oil sector and oil and gas derivatives sector.
15. Supply and import of foodstuffs referred to in Item (first) of Article (31) of the Agreement. The Regulation shall specify the conditions, controls, and procedures necessary for the application of the provisions of this Article.

Chapter Fourteen
Exemptions

Article (54)
Supply of Financial Services

The supply of financial services specified in the Regulations shall be exempt from tax except as expressly paid for the service as a fee, commission or trade discount.

The Regulations shall specify the rules and conditions necessary for the application of this Article.

Article (55)
Supply of vacant land and buildings

The supply of vacant land and buildings is exempted from Tax through its sale or lease.

The Regulations shall specify the rules and conditions necessary for the application of this Article.

Article (56)
Import exempt from tax

The following transactions shall be exempted from tax:

1. The transactions of import of goods, whenever the supply of such goods at the final destination country is exempted from tax or subject to tax at zero rate.
2. The following import transactions which are exempted from customs duties in accordance with the conditions and controls stipulated under the common customs system (law).
 - a. Diplomatic exemptions.
 - b. Military exemptions.
 - c. Import of personal effects and household goods, brought by citizens residing abroad and expatriates arriving for the first time to reside in the Kingdom.
 - d. Import of returned goods.
3. Personal effects and gifts in the accompanied baggage of travelers.
4. Requisites of disabled persons.

The Regulations shall specify the conditions, controls, and procedures necessary for the application of the provisions of this Article.

Chapter Fifteen
Refund of Tax and Carrying Forward the Surplus

Article (57)
Refund of Tax

- A. Subject to the provisions of Articles (65) to (69) of the Agreement, the Authority shall refund the tax paid for any supply or import issued by any of the following:
 1. The taxable person who paid the tax amount with excess.
 2. Foreign governments, international organizations, diplomatic and military bodies and missions for goods and services supplied within the Kingdom.
 3. The taxable person in the Kingdom in respect of a tax paid by another implementing State for the purpose of carrying out his economic activity.
 4. Tourists.

The Regulations shall specify the conditions, controls and procedures necessary for the application of this paragraph.

- B. The value of the tax for which refund conditions are available shall be calculated from the account of the amounts reserved from the proceeds of the tax revenues and the related administrative fines for the purpose of covering the refund requests.

Article (58)
Carrying Forward the Refundable Tax

The taxpayer may request the Authority to transfer the surplus of the refundable net tax to subsequent tax periods.

The Authority shall have the right to set off between the net tax surplus and any taxes or administrative fines due to the taxable person under the provisions of this Law or any other tax law in subsequent tax periods until the surplus value is exhausted.

The Regulations shall determine the rules governing the application of the provisions of this Article.

Chapter Sixteen
Judicial police

Article (59)
Power of judicial Police Commissioners

The employees whose assignment decision is issued by the minister concerned with the affairs of justice, in agreement with the Minister, shall have the powers of the judicial police in the implementation of the provisions of this Law and its executed decisions, for offenses within their jurisdiction and related to the functions of their jobs. To do this, they have the power to inspect labs, factories, warehouses, shops, establishments and others that engage in activities related to the taxable supply or import of goods or services and closure thereof provisionally. They also have the power to seizure infractions and make the necessary records, and if the place is intended for housing, they must obtain permission from the Public Prosecution.

In seizure cases, the members of the public authority may be employed If necessary.

Chapter Seventeen
Administrative Fines

Article (60)
Cases of Imposing Administrative Fines

- A. Except for cases of tax evasion provided for in Article (63) of this Law, an administrative fine shall be imposed on anyone who commits any of the following acts:
1. Delay in submitting the tax return or paying the tax for the prescribed period not more than 60 days and the fine shall be calculated in this case at a rate not less than (5%) and not more than (25%) of the value of the tax that had to be approved or paid.
 2. Failure to apply for registration within sixty days from the date of expiry of the registration period stipulated in this law or from the date of reaching the mandatory registration limit, the fine shall be calculated in this case in an amount not exceeding ten thousand dinars.
 3. Providing false data on his import or supply of goods or services if an excess in their value appeared to be more than what was stated by his return and the fine shall be calculated in this case at a rate not less than (25%) and not more than (5%) of the value of the unpaid tax for each month or part thereof on which no tax has been paid.
- B. Without prejudice to any heavier fine provided for in any other law. An administrative fine shall be imposed not exceeding five thousand Dinars for each of the following acts:
1. Preventing or obstructing the employees of the Authority or those responsible for implementing the provisions of this law and its executed decisions, to perform their duties or practice their powers of supervision, inspection, preview, review, request or access to documents.
 2. Do not notify the Authority of changes in the registration application data or tax return information within the specified dates.
 3. Abstention from offering the prices of goods or services including tax in accordance with the provisions of Article (3) of this Law.
 4. Abstention from providing the information or data required by the Authority.
 5. Non-compliance with the conditions and procedures related to issuing the tax invoice.
 6. Violation of any other provision of the Law or Regulation.
- C. The administrative fines provided for in this Article shall be accompanied by the collection of the tax due.

Article (61)
The Decision of Imposing Administrative Fines

The imposition of the administrative fine may be imposed by a decision of the Minister or his authorized representative, including the value of the tax due. It may be stipulated in the decision to publish its operative at the expense of the violator in a local newspaper or in any other appropriate means of publication, depending on the type of violation and its severity and effects and after the finalization of this decision.

The decision issued imposing the administrative fine is one of the enforceable executive bonds enforceable according to the provisions of the Civil and Commercial Procedures Law promulgated by Legislative Decree No. (12) of 1971.

Article (62)
Grievance and appeal against the decision of the administrative fine

A person against whom a decision to impose an administrative fine is issued may appeal against it before the Committee for the Examination of the Tax Interference Appeals provided for in Article (66) of this Law during the same dates and in accordance with the same rules and procedures prescribed for the consideration of tax objections before it. The Committee shall issue its recommendation regarding the grievance within thirty days from the date of submission thereof and submit it to the Minister or his delegate, provided that the Minister or his delegate issues his decision to approve the recommendation or amend it or cancel it within fifteen days from the date of receipt thereof.

The complainant shall be notified of the final decision on his grievance by means prescribed by law, and the expiry of the periods referred to without the notification of the complainant shall be regarded as a rejection of the grievance.

The person concerned may appeal against the decision of rejecting the grievance before the competent court within sixty days from the date of notification of refusal from the date of considering the grievance as rejected.

Chapter Eighteen
Tax Evasion

Article (63)
Cases of Tax Evasion

A tax evasion in the application of the provisions of this Law shall constitute the commission of any of the following acts:

1. Failure to apply for registration within sixty days from the expiry of the period stipulated in Item (2), paragraph (a), of this Law.
2. Failure to submit the tax return or payment of the tax due on the taxable supply or import of goods or services within sixty days from the date of expiry of the period stipulated in Item (2), paragraph (a), of this Law.
3. The deduction of the input tax and the re-settlement of the tax due in violation of the rules of deduction of the input tax prescribed under the provisions of this Law.
4. Refund of the tax in whole or in part without right, knowingly.
5. Submit false or artificial documents, records or invoices with the intention of eliminating all or part of the payment of the tax.
6. The non-issuance of tax invoices for the operations of taxable supply or importation of goods or services which he carries out in violation of the provisions of this law.
7. Issuing tax invoices containing tax on non-taxable supplies.
8. Not to keep, in a systematic manner, records, tax invoices and accounting books relating to the import or supply of goods or services in violation of the provisions of Article (69) of this Law.

Article (64)
Penalties

- A. Any person who commits a tax evasion shall be punished by imprisonment for a term of not less than three years and not exceeding five years and a fine not less than the amount of the tax due and not exceeding three times the tax due. The perpetrator or perpetrators shall be sentenced for payment of the due tax.
- B. The punishment provided for in paragraph (A) of this article shall be doubled in case of repeated offense within three years from the date of final conviction.
- C. Without prejudice to the criminal liability of a natural person, a legal person shall be criminally punished if any of the tax evasion offenses provided for in this law is committed by his name, for his account, or for his benefit by double the maximum fine prescribed in paragraph (A) of this Article.
- D. The Court may sentence the confiscation of means of transport, tools, materials, and devices used for tax evasion offenses, except for ships and aircraft, unless they have been specially prepared or conducted by their owners for smuggling purposes.
- E. Tax evasion cases are considered when referred to the courts as a matter of urgency. In all cases, the crime of tax evasion is considered an offense against honor and honesty.
- F. No criminal proceedings may be instituted or any action taken in the case of tax evasion may take place except at the request of the Minister or his authorized representative.
- G. Without prejudice to any more severe penalty provided for in any other law, all or some of the offenses provided for in this Article may be reconciled. The Minister or his representative may, at a written request of the accused or his agent, accept conciliation in cases of tax evasion either prior to the filing of the case or during its consideration and before a judgment is rendered, if the accused pays an amount equivalent to the minimum fine for the offense as well as the value of the tax due, and the reconciliation shall result in the expiry of the criminal proceedings.

Chapter Nineteen
General Provisions

Article (65)
Prescription

In case of denial, the claim for taxes due to the Authority in accordance with the provisions of this Law shall not be heard after five years calculated from the end of the taxable period for which the tax is due.

The claim for the refund of taxes unlawfully paid five years from the date of payment shall not be heard too.

The period prescribed for not hearing the claim shall be interrupted for any reason of Interruption of the prescription tolling of the statute of limitations provided for in the Civil Code or by tax notice or by notice to the taxable person to pay the tax, or by offering to the Committee for Examination of Tax Grievances and Objections, or by submitting refund request.

Article (66)
Committee for Examination of Tax Grievances and Objections

A committee called the "Committee for Examination of Tax Grievances and Objections" shall be constituted by a decision issued by the Minister or his authorized representative, consists of a president whose degree is not less than a director in the authority, and no less than five members with experience in tax, financial, accounting and legal matters.

The Committee, in addition to its competences referred to in Article (62) of this Law, shall examine and consider all objections and all disputes between the taxable persons and the Authority regarding the tax.

The taxable person shall submit an objection to the committee within thirty days from the date of notifying him of the decision or the procedure subject to objection after the payment of the prescribed fee. The committee shall issue its recommendation within 30 days from the date of submission thereof and submit it to the Minister or his authorized representative. The Minister or his delegate shall issue his decision to adopt the recommendation, amend it or cancel it within fifteen days from the date of receipt thereof.

The applicant of the objection shall be notified of the final decision on his objection by the methods prescribed by law. The expiration of the periods referred to without notice of the result of his objection shall constitute an implicit refusal to it.

The person concerned may appeal against the decision of the Minister or his authorized representative to refuse the objection before the competent court within sixty days from the date of notification of rejection of his objection or from the date on which his objection is considered objectionable. The appeal against this decision before the competent court shall not prevent collecting the tax.

The Regulation shall specify the rules and procedures of the work of the Committee and the rules of holding its meetings.

Article (67) **Tax Representative, Tax Agent and Designated Persons**

The Authority may license persons wishing to act as tax representatives or tax agents in respect of their tax obligations in the Kingdom after paying the prescribed fees for licensing. The Authority shall issue lists of persons accredited to it as representatives of tax agents.

The tax representative shall be liable in solidarity with the taxable person for the payment of any tax up to the date on which the Authority ceases to represent taxable persons.

The taxable person shall continue to be personally liable to the Authority for all his tax obligations despite the appointment of a tax agent.

The Regulation shall specify the conditions to be met by the tax representative and the tax agent to license them to carry out their duties and their other obligations before the Authority.

The person appointed administratively, as a personal representative, executor, trustee or liquidator of a taxpayer shall notify the agency in writing of his appointment within thirty days from the date of appointment.

Article (68) **Confidentiality of the information**

The employees of the Authority and all those responsible for implementing the provisions of this law shall not disclose the information obtained or informed to them by virtue of their functions or because of them during or after service, except for the reason legislated for them to be informed, or at the request of the judicial authorities in the Kingdom.

Article (69) **Keeping Records and Tax Invoices**

The taxable person shall keep, in a systematic manner the records, tax invoices and accounting books relating to the import or supply of goods or services, and shall provide the Authority with such records, invoices and books upon request.

The Regulations shall specify the types of such records, books, terms, controls and conditions to be met when keeping them.

Article (70)
Insert the Registration Number

The taxable person or his legal representative must include his tax registration number on each tax return, notification, tax invoice, tax (credit/debit) note, and any other tax document, in addition to all correspondence with the Authority.

The Authority may issue to the taxable person a tax registration certificate containing its tax registration number and tax statements after paying the fees prescribed for the issuance of this certificate.

Article (71)
Electronic System for Collection and Payment of Tax

The taxable person shall meet and submit tax registration applications, tax returns, and other applications, grievances or objections relating to the tax, as well as payment of the due net tax and related administrative fines, through the electronic system approved by the Authority.

Article (72)
International Agreement on Tax Matters

The provisions of this Law shall not prejudice the international obligations of the Kingdom arising under agreements between the Government of the Kingdom, foreign States and international or regional organizations, or any international or bilateral treaties or protocols to which the Kingdom is a party.

Article (73)
Coordination with Government Authorities

The Authority may coordinate with all government authorities in the Kingdom regarding the implementation of the provisions of this law and the regulation. All government authorities shall provide them with the data, information and documents required for the application of the tax.

Article (74)
License Fees and Tax Certificates.

The fees for the issuance of tax certificates, the licenses of representatives and tax agents, and the fees for filing tax objections shall be determined by a decision issued by the Minister after the approval of the Council of Ministers.

Chapter Twenty
Transitional Provisions

Article (75)
Date of supply after implementation of the law

A. If the invoice has been issued or the goods and services have been paid before the date of implementing this law or before the date of registration, and the supply has been made after that date, then it is considered that the supplier of the goods or services has made a taxable supply on the date of the actual supply of the goods or services. The taxable person shall, in this case, issue a tax invoice including the tax due for the supply of the goods or services unless the invoice issued before the effective date of the law included the value of the tax actually due.

B. For the purposes of the application of this Article, the date of supply shall be considered after the date of implementing this Law in the following two cases:

1. If the date of delivery of the goods is later than the date of implementing this Law.
2. If the date of completion of the performance of the service is later than the date of implementing this Law.

Article (76)
Contracts not Covered by the Tax concluded before the implementation of the law

- A. The tax shall be applied for supplies related to contracts concluded prior to implementing the provisions of this law on the supply which is made in whole or in part after the date of implementing this Law.

Unless the contract contains a tax provision, such supplies shall be treated as follows:

1. The consideration shall be deemed to be taxable if it is imposed under this Law.
2. The supply tax should be calculated regardless of whether it has been taken into consideration when determining the consideration for the supply.
3. The Regulation shall specify the provisions for the application of the provisions of this paragraph.

- B. Except as provided in paragraph (A) of this Article, the tax shall be applied at zero rate on the supply of contracts with the Government concluded prior to the implementing this Law and shall be supplied in whole or in part after implementing this Law until the date of renewal of the contract or expiration of the contract or the date of December 31, 2023 whichever is earlier.

Article (77)
Registration Deadlines for Tax Purposes

- A. Every resident or that who is practicing economic activity in the Kingdom before implementing this Law shall do the following:
1. Make an initial estimate of his expected annual revenues for the year beginning on January 1, 2019.
 2. Apply to the Authority for registration for tax purposes if the value of his supplies in the year beginning on 1 January 2019 is expected to exceed the mandatory registration limit.

The time stages of the commencement of registration shall be determined by a decision of the Minister according to the value of the taxable person's supplies.

- A. Without prejudice to the provisions of Article (63) of this Law, the delay of the registration period referred to in paragraph (A) of this Article, without completing the registration procedures, shall mean that the taxable person, who proves the import or supply operations he carried out in the year beginning January 1, 2019 have reached the mandatory registration limit, is registered by law.

Article (77)
Internal Supplies

For purposes of complying with Article (71) of the Agreement, Internal Supplies, involving the transfer of goods from the Kingdom to another implementing State and until the application of the Electronic Service System in all States of the Council, shall be treated as an export treatment of goods.

Article (78)
Non-implementing States

For the purposes of the application of the provisions of this Law, any Member State shall be treated as a non-implementing states if its domestic tax legislation includes the treatment of the Kingdom as an implementing state, and has not fully complied with the provisions of the Agreement; it is treated as a state outside the territory of the GCC States; The supply of goods and services from that state shall also be treated as performed in a state outside the territory of the GCC States and the persons resident therein shall be treated as residents of a state outside the territory of the GCC States