

BAHRAIN VAT UPDATE: MEMBERS OF PARLIAMENT TODAY APPROVED THE DRAFT- BILL FOR VAT RATE CHANGE FROM 5% TO 10%



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BAHRAIN VAT UPDATE:

BRIEF



The Members of Parliament (MPs) today (7 December 2021) approved the draft-bill to double the VAT rate from 5% to 10% in Bahrain.

Yesterday (6 December 2021), the Parliament's financial and economic affairs committee had approved doubling the VAT rate from 5% to 10% following a meeting being held between legislators and the Government. The VAT legislation was debated during today's weekly session in the Parliament and the vote was held behind closed doors.

The bill has now been referred to the Shura Council for review. The approval from the Shura Council is expected in the coming days. Subsequently, the VAT legislation will be referred to His Royal Highness for enforcement of the law. The effective date of VAT rate change is proposed to be 1 January 2022 and the transitional guidelines would be released subsequent to the law being signed by His Majesty.

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BAHRAIN VAT UPDATE: TIMELINE



26 SEP 2021

The Government proposes to increase the VAT rate from 5% to 10% in a bid to curb budget deficit.



27 SEP 2021

The Cabinet approved a bill to amend certain provisions of Decree Law No. (48) of 2018 on VAT related to VAT rate.



5 DEC 2021

Parliament received the government drafted bill to double the rate of VAT from 5% to 10%.



6 DEC 2021

Parliament's financial and economic affairs committee approved doubling rate of VAT from 5% to 10% in Bahrain.



7 DEC 2021

MPs approved the draft-bill for VAT rate change from 5% to 10%. The draft-bill has been referred to the Shura Council.



1 JAN 2022

Proposed date of implementation of the VAT rate change from 5% to 10%.

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