

BAHRAIN VAT UPDATE

Update to Imports and Exports VAT Guide

The National Bureau for Revenue (NBR) has recently updated the Imports and Exports VAT Guide (version 1.2) clarifying the VAT implication regarding adjustment in the value of goods imported in the Kingdom of Bahrain.

As per the revised guidelines, in case there is amendment made to a customs declaration after clearance of the goods, the following rules shall apply:

Sl. No	Updated guidelines	Old guidelines
1	If the amendment results in an additional payment of VAT, this adjustment is processed by way of a payment order issued by Bahrain Customs Affairs, with the additional amounts collected from the importer.	If the amendment results in an additional payment of customs duty and VAT, this adjustment is processed by way of a payment order issued by Bahrain Customs Affairs, with the additional amounts collected from the importer.
2	If the amendment results in an overpayment of VAT, this can be recovered from the NBR. - Persons who are not registered for VAT may make a claim for the overpaid amount directly from the NBR. - A VAT registered person may recover the amount of overpaid import VAT as input VAT in his VAT return	If the amendment results in an overpayment of customs duty and VAT, Bahrain Customs Affairs will adjust the customs duty and VAT payable. However, Bahrain Customs Affairs will not refund the overpaid import VAT when the importer is a taxable person. Instead, the importer taxable person may recover the amount of overpaid import VAT as input tax in its tax return.

For the purpose of completeness, if, after the goods have been imported, the supplier of these goods grants a discount, such discount will not affect the value of the goods used to compute VAT due at import, unless the customs value of these goods is itself adjusted because of such discount. Where no adjustment of the customs value takes place, the VAT liability of the importer will not be impacted, and the importer should not make any adjustment to his tax return to reflect the discount.

Further, if the importer notices that the import VAT amount payable is incorrect (e.g., due to an error in classification or in value), he should raise this with Bahrain Customs Affairs before making the payment of this import VAT.