

Resolution 12 of 2018

Bahrain's VAT executive
regulations

Resolution No. 12 of 2018

on the issuance of the Executive Regulations of the Value Added Tax Law issued under Decree-Law no 48 of the year 2018

The Minister of Finance and National Economy:

After the examination of the Value Added Tax Law issued under Decree-Law no. 48 of the year 2018 and following the approval of the Cabinet of Ministers,

The following was decided:

Article 1

The provisions of the Executive Regulations of the Value Added Tax Law issued under Decree-Law no. 48 of the year 2018 attached to this resolution shall hereby be implemented

Article 2

The concerned entities all in all shall implement this resolution and the regulations attached to it and these are to be published in the official gazette and shall come into effect from 1st of January 2019.

Minister of Finance and National Economy
Salman bin Khalifa Al Khalifa

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Executive Regulations of the Value Added Tax Law Issued under Decree-Law No. 48 of the year 2018

Chapter 1 - Preamble

Article 1: Definitions

The terms and expressions in these Regulations shall have the meanings defined in the VAT Law issued under Decree-Law No. 48 of the year 2018. The following terms and expressions shall have the meanings assigned to them below, unless the context requires otherwise:

1. **Bad debts:** the amounts due to the creditor and foreseen to be unpaid.
2. **Means of transport:** any vehicle, ship or airplane requiring a driver, pilot or crew as the case may be and is intended to transport at least 10 persons or is intended for the commercial transportation of goods with a main purpose of international transportation excluding any means of transport converted or used for recreational or personal purposes.
3. **Finance Lease Agreement:** an asset lease agreement to which the lessor substantially transfers all risks and benefits related to the ownership of the asset to the lessee.
4. **Operating Lease Agreement:** an asset lease agreement to which the lessee uses the asset for a specific period of time, at the end of which the asset is returned to the lessor and under which the lessee does not bear any risks related to the ownership of the asset.
5. **Telecommunication services:** services related to the transmission, broadcast, transfer, or receipt of signals used to disseminate words, images, sound or information from any type of wires, and via radio and audio telephone services, visual telephone services, Voice over IP, voicemail, call waiting services, other call management services, internet connection and roaming data, including related transmission services or surrender of the right to use the ability to transfer, broadcast, receive, or other similar means.
6. **Electronic services:** services provided over the internet or via any electronic platform, operating automatically and with limited human intervention and impossible to complete without the use of information technology.
7. **Healthcare services:** all medical services offered to patients at hospitals, health centers, medical clinics and other locations offering hospitalization services excluding any other services of commercial or investment nature provided by these entities.
8. **Education services:** education services provided by education institutions licensed by the Ministry of Education or under its supervision provided directly to students, through nurseries, pre-basic education, primary education, secondary education and tertiary education.
9. **Tourist:** any natural person not residing in any of the Implementing States and who is not a member of the flight crew or the airplane leaving the Kingdom.
10. **Law:** The Value Added Tax Law issued under Decree-Law No. 48 of the year 2018.

Chapter 2 - Scope of tax and rate

Article 2: Price inclusive of Tax

- A. The displayed price of goods and services in the local market must be inclusive of the tax due.
- B. In the case of export of goods or services, the price stated may be exclusive of tax provided that the taxable person expressly indicates that the stated price does not include tax.

Chapter 3 - Supply of goods and services

Article 3: Supply of goods

- A. The transfer of ownership of the goods or the right to use them as an owner includes:
 - 1. the forcible transfer of ownership of goods for consideration in accordance with a decision by the public authorities or any laws in force in the Kingdom
 - 2. the supply of goods under a long-term lease agreement or sale of goods on deferred payment terms provided that the agreement includes the transfer of ownership of goods under normal circumstances to the customer latest upon the payment of the consideration in full
- B. The following shall be considered supply of goods:
 - 1. supply of water
 - 2. supply of any type of energy including but not restricted to electricity, gas, including biogas, coal gas, liquefied petroleum gas, natural gas, petroleum gas, processed gas, refinery gas, reformed natural gas, tempered liquefied petroleum gas and any other mixture of gases whether used for lighting, heating, cooling, air-conditioning or any other purposes.
 - 3. deemed supply of goods

Article 4: Transport of goods to an Implementing State

- A. A Taxable Person must comply with the requirements of temporary entry stipulated in the Customs Law, especially the following requirements:
 - 1. Submission of an application to the customs affairs comprising the purpose of entry of goods under temporary entry and the length of the entry period.
 - 2. Submission of a financial guarantee or cash deposit equivalent to the amount of tax due in accordance to the temporary entry statement.
- B. The transfer of goods which form part of the assets of a taxable person from the Kingdom to another location in an implementing state is not considered a supply of goods if these goods are used to provide another taxable supply in another implementing state within a period that does not exceed 60 days from the date of entry of the goods to the implementing state.
- C. A taxable person must retain the necessary documents and records showing the following information:
 - 1. The description of the goods transported from the Kingdom to the other Implementing State.
 - 2. The date of transport of the goods and the date of the return of the goods to the Kingdom, if any.
 - 3. The commercial documents showing the identity of the recipient and the location of the delivery of goods.
 - 4. The transportation documents indicating the delivery or receipt of goods in another Implementing State.
 - 5. The documents and details of supply of goods in the other Implementing State, if relevant.

Article 5: Supply of services

The supply of services includes but is not restricted to the following:

- 1. The granting, assignment, cessation, or surrender of a right.
- 2. Making available a facility or advantage
- 3. Not to participate in any activity, or not to allow its occurrence, or agree to perform any activity.
- 4. The transfer of an indivisible share in a good.

5. The transfer or licensing of intangible rights, for example rights of authors, inventors, artists and rights in trademarks which the legislation of the Kingdom deems to be within such category.

Article 6: Supply of more than one component

- A. Where a taxable person makes a supply consisting of more than one good or service for one price, the taxable person shall determine whether the supply constitutes a single composite supply or multiple supplies in accordance to the actual characteristics of the supply.
- B. The phrase “composite supply” means any supply of goods or services consisting of two or more components in the following cases:
 1. When the supply consists of one principal component and other component(s) that that are necessary or essential to the making of the principal component.
 2. When the supply consists of one principal component and other component(s) that do not constitute an aim in itself but instead are means of receiving the principal component.
 3. When there is a supply which has two or more elements so closely linked as to form a single supply which it would be impossible or unnatural to split.
- C. A single composite supply may exist under paragraph (b) of this article if one of the two following conditions is met:
 1. All the components of the supply are supplied by the taxable person
 2. The price of the different components of the supply is not separately identified or charged by the supplier.

Article 7: Supply via an agent

- A. If the taxable person supplies or receives goods or services in his own name on behalf of his principal (undisclosed agent), he shall be treated as the supplier or recipient of the goods or services himself.
- B. If the taxable person supplies or receives goods or services in the name of his Principal (disclosed agent), this shall be treated as a supply between the Principal and the third.
- C. The disclosed agent must prove his capacity in accordance with the following:
 1. Power of attorney from the Principal authorizing the agent to expressly act in his name and on his behalf.
 2. Contract, invoice or any other documents clearly indicating that supply was made in the name and on behalf of the Principal, the documents must include the subject of the transaction, the names and addresses of the Principal and the agent, and the details of the third party.

Article 8 – Minimal value gifts and samples

- A. The supply of goods for no consideration are not considered deem supplies if a taxable person supplies gifts or samples provided that the market value does not exceed 50 dinars exclusive of tax for each recipient during the year.
- B. The maximum value of the annual supplies of gifts and samples and goods that a taxable person can give for no consideration in accordance with paragraph(A) of this article is 1000 dinars during the year.
- C. Samples used for no consideration must be from a product for the purpose of promoting the sales of the product allowing to assess the characteristics and quality of the product without leading to the final consumption of the product unless in cases where the final consumption is necessary to promote the product.

Article 9: Exceptions related to deemed supply

The supply shall not be regarded as a deemed supply in the two following instances:

1. Where the input tax on the relevant goods or services is not recovered
2. Where the supply is exempted

Article 10: Transactions between parent company and branches

The transactions between the parent company and the branches is not considered a taxable supply as they are transactions made by one legal person.

Article 11: Recharging of incurred expenses

The supply of recharging incurred expenses by a taxable person under his name to another person is a taxable supply excluding where such expenses are incurred directly under the name of the other person.

Article 12: Surrender of an economic activity

- A. A taxable person's surrender of his economic activity, or part thereof, is not considered a supply if all the following conditions are met:
1. The surrender includes the business elements that enable the person, that the economic activity is surrendered to, to carry on the economic activity, or part thereof.
 2. The person surrendering the economic activity must be registered for tax purposes in the Kingdom.
 3. The person that the economic activity is surrendered to must be registered for tax purposes in the Kingdom or is required to mandatorily registered due to the surrender of the economic activity to him
 4. The person that the economic activity is surrendered to uses the goods and services directly after the surrender to carry on the same economic activity.
- B. The business elements referred to in sub paragraph (i) of paragraph (a) of this article includes tangible property including fixed assets, rights, intangible assets and the debts of the economic activity
- C. Both the person surrendering and the person surrendered to must separately declare the surrender to the Bureau using the form intended for this purpose within 30 days from the date of the surrender. In case of failure to officially submit the declaration to the Bureau within the specified period, the surrender shall be disregarded and considered a taxable supply.

Chapter 4 - Tax due date

Article 13: Date of supply for services

- A. The services shall be considered performed when the agreed scope of work has been completed or when the customer receives the services and expresses the approval or when the customer issues the completion of services certificate.
- B. Any secondary services provided after the performance date of the primary service are considered a separate supply not impacting the date of completion of the primary service.

Article 14: Tax due date in other cases

- A. The tax is due on deposited or mortgaged goods under a guarantee is due on any of the two following dates, whichever earlier:
 - 1. When the creditor holding the good sells the good
 - 2. When the creditor holding the good deducts a monetary amount that has been deposited by way of guarantee to acquire it once and for all.
- B. The tax is due on consignment sales on the date of supply of consigned goods.
- C. The tax is due on the due date of customs duties in accordance to the Customs law for imported goods.
- D. The tax is due in the case of supply of goods on approval on any of the following dates – whichever earlier:
 - 1. Upon the purchaser's final acceptance of the goods
 - 2. On the date of issuance of invoice
- E. The tax is due on sale of goods on instalments on the date of supply of such goods in accordance with the provisions of the law
- F. The tax is due on an operational lease contracts on the due date or date of lease instalment payment or partial contract payment – whichever earlier.
- G. In respect of financial lease contracts, the tax shall be due on the date of supply of the underlying goods of the agreement, and in cases where the customer's purchase takes place at the end of the lease – the tax is due on the value of this purchase, and in the case of sale with the right of repurchase – the tax is due on the date of supply of the good.
- H. If the goods are supplied in a coercive manner, the tax is due on the date of supply of the underlying goods.
- I. The tax is due on deemed supplies of goods and services on the date of supply or surrender or use or change in use or date of deregistration – based on the case.

Article 15: Vouchers

- A. In respect of the specific vouchers that can be exchanged for a good or service subject to the same tax rate with a specific place of supply on the date of the issuance of the voucher, the tax is due on the date of supply of such vouchers based on the consideration received in exchange for the voucher.
- B. In respect to non-specific vouchers the tax due date is on the date of supply of goods or services in exchange for the voucher based on the consideration paid for the voucher or the nominal purchase value of the voucher if the value of the goods or services is not specified.

Chapter 5 - Place of Supply

Article 16: Place of supply of services related to real estate

- A. For the purposes of implementing this article, "real estate" includes as an example:
 - 1. Any are of land over which rights or interests or services can be created
 - 2. Any building, structure or engineering work permanently attached to the land
 - 3. Any fixture or equipment which makes up a permanent part of the land or is permanently attached to the building, structure or engineering work.
- B. A supply of Services is deemed to relate to a real estate where the supply of Services is directly connected with the real estate, or where it is the grant of a right to use the real estate.

- C. A supply of Services directly connected with real estate includes:
1. Supply of services by real estate experts or real estate agents
 2. A supply of Services involving the preparation, coordination and performance of construction, destruction, maintenance, conversion and similar work.
 3. Supply of services of accommodation
 4. Supply of services of auctioneers, civil works. surveyors, engineers and other persons providing services and work related to real estate.

Article 17: Place of Supply of wired and wireless telecommunication services

- A- The place of supply of wired and wireless telecommunication and services shall be determined as follows:
1. At the place of use and enjoyment if the customer is not a taxable person, regardless of the place of contract or payment of consideration.
 2. In the Kingdom, if the service is used or enjoyed therein, within the limits of the services enjoyment and use.
 3. At the customer's place of residence, if he is a Taxable Person.
- B- The place of use of wired and wireless telecommunication services shall be determined as follows:
1. If the wired and wireless telecommunication services are provided via fixed sites to receive fixed telephone, public telephone, or Wi-Fi services, the place where the service is used or enjoyed by the customer at the fixed location.
 2. If the services are provided via mobile networks, the place of use or enjoyment is the place determined by the country code of the SIM card used to receive the services.
 3. If the service is related to international roaming, the place of use and enjoyment is in the country in which the mobile network used for international roaming is present.
- C- In the case a supplier supplies wired and wireless telecommunication services to a customer for the purpose of re-supplying them to another customer, the place of supply of use and enjoyment of each transaction must be determined separately.

Article 18: Place of supply of electronic services

- A. Electronic services include - without being limited to - the following:
1. Services provided or services supporting an electronic network, including websites or webpages.
 2. Digital products, including computer programs and any changes or updates to computer programs.
 3. Services automatically generated by the computer via the internet or an electronic network, in response to specific data input entered by the recipient.
 4. Internet service programs related to information which enables the communications component to be part of annexes such as components which allow access to news, weather reports or travel, website hosting, access to online discussions, etc.
 5. Supply of websites, network hosting, remote program and equipment maintenance through the internet.
 6. Supply of visual images, such as pictures or scripts which are electronically supplied, screensavers, e-books and other digital documents and files.

7. Supply of music, movies, television series, games, magazines, newspapers or other programs on demand.
 8. Supply of advertisement services or advertising space on websites with any advertisement-related rights.
 9. Supply of online education services.
 10. Supply and update of computer programs.
- B. The place of supply of electronic services shall be the place of use or enjoyment of the service, if the customer is a not a Taxable Person.
- C. The place of supply of electronic services to a Taxable customer shall be his place of residence. For the purposes of determining the customer's place of residence, the supplier shall rely on the following:
1. Customer's address, as shown on the tax invoice or on the documents used to send invoices.
 2. Customer's bank account details.
 3. Customer's IP address which is used to receive wired and wireless telecommunication and electronic services.
 4. Country code of the SIM card used by the customer to receive wired and wireless telecommunication and electronic services.
 5. Other commercial information.
- D. The place of use or enjoyment of electronic services shall be determined based on the date of supply, any subsequent changes to the use of the received service shall have no impact on the identification of the place of supply.

Article 19: Place of supply of transport services of goods and passengers

The place of supply of transport of goods and passengers and related goods and services shall be as follows:

1. The place where the supply of that transportation service commences, where a trip includes more than one stop.
2. The place of supply of transport-related services shall be the same as the place of supply of the transportation service to which they relate.

Article 20: Place of supply of internal supplies

- A. A Taxable Person making internal supplies must maintain proof of transport of goods and of their arrival at the final Implementing State where the transport or delivery ends. If the Taxable Person fails to provide proof of completion of the transport within 60 days of the date of supply, the provisions of Subparagraph (2) of Paragraph (A) of Article (14) of the Law shall apply.
- B. Any of the following shall be considered proof of transport of goods to the Implementing State where the transport or delivery ends:
1. Commercial documents showing the customer's identity, place and date of delivery of goods.
 2. Transport documents showing that the goods were delivered or received in the Implementing State where the transport or delivery ends.
 3. Customs declaration.

Chapter 6 - Import

Article 21 – General provisions related to the import of goods

- A. Goods shall not be treated as goods imported to the Kingdom in the following cases:
1. If the goods are placed in customs duty suspension for custom duties in accordance with the provisions of the Customs Law, provided that a financial guarantee or a cash deposit equivalent to the amount of the due tax is provided, in the following cases:
 - a) Goods placed in a customs warehouse.
 - b) Temporary entry
 - c) Goods in transit.
 - d) Goods imported for the purpose of being re-exported by the same person.
 2. The financial guarantee referred to in Subparagraph (1) of this Article must meet the following conditions:
 - e) The value must be equivalent to the amount of tax due.
 - f) It must be issued by a bank licensed by the Central Bank of Bahrain, either in the form of an unrestricted letter of guarantee or in the form of a certified acceptable payment cheque.
 - g) It must be valid for the entire period during which the goods are under customs duty suspension.
 - h) The importer must undertake to renew the guarantee at its expiration date, as long as the goods remain in customs duty suspension.
- B. If a person imports goods to the Kingdom via another Implementing State, the tax shall not be due at import if the Bureau considers that the due tax was paid in that Implementing State and the importer must declare to the Bureau the amount of tax paid in the Implementing State and attach the documents proving the payment.

Article 22: Deferred payment of tax on imports

- A. The Bureau may authorize deferring payment of tax on imports, when the following conditions are met:
1. The importer is registered for tax purposes.
 2. The Taxable Person is registered with Customs Affairs at the Ministry of Interior.
- B. The Taxable Person that is licensed to defer the payment of tax on imports must comply with the following:
1. Maintain sufficient documents and files to enable the Bureau to verify the import procedures and calculation of the tax due and must furnish it to the Bureau or Customs Affairs upon demand.
 2. Cooperate and comply with any requirements set by the Bureau pertaining to imports.
 3. Declare the due tax in the tax returns related to the tax period during which the import of goods occurred.

Article 23: Imports via registered agents

- A. If a non-registered person in the Kingdom import goods via an agent registered for tax purposes who acts on his behalf for the purpose of importing the goods to the Kingdom, the agent shall be responsible for payment of the tax due upon import, prior to clearing the goods.
- B. The recharge of the tax paid from the agent to his Principal shall not be taxable, in accordance to Paragraph (A) of this Article. In addition, the agent may not deduct this tax provided that it is proven that the payment of the tax was made on behalf of the Principal.

Chapter 7 - Value of Supply

Article 24: Value of supply of goods and services

- A. The Consideration does not include the amounts deposited in favour of the Taxable Person by the customer by way of guarantee, if the two following conditions are met:
 - 1. The amounts are normally recoverable.
 - 2. They are not down payments.
- B. The market value shall be determined according to the fair market value between two independent parties under similar circumstances on the same date of the supply transaction and according to the following free market rules:
 - 1. Neither the supplier nor the customer is under any type of commercial pressure.
 - 2. The supplier and the customer act in their own best interest, independently.
 - 3. The transaction is settled within a reasonable time period.
- C. In cases where the market value cannot be determined in accordance to paragraph (B) of this article, the Bureau shall determine the market value based on the mechanism relied on.

Article 25: Special cases for determining the value of the supply

- A. Subject to the provisions of Article (6) of this Regulations, if the multiple components of the supply are subject to different tax treatments, a Taxable Person must split the price to apply the payable tax on each good or service in accordance with its tax treatment or the tax shall be applied on the full amount at the higher tax rate.
- B. In respect of goods and services deposited or mortgaged under a guarantee which are supplied by the depositary or the creditor of the mortgage, the value of supply of these goods and services shall be used for tax purposes.
- C. If the value of supply of goods and services is undetermined between different persons on the date of completion of the transaction as the agreement is related to an unknown element or standard, the tax is calculated based on the expected value of supply of the transaction, provided that the tax due is adjusted when the value of supply becomes conclusive.

Article 26: Value of imported goods

The value of imported goods under a tax suspension shall be determined based on the value of the goods when released from the suspension. This includes the value of services provided in relation to it and the value of all the elements that are used to determine the value of the goods on import.

Article 27: Value of Supply Between Related Persons

- A. The tax shall be calculated between related persons based on the fair market value, in the following cases:
 - 1. If the value of supply is lower than the market value.
 - 2. If the customer is not entitled full input tax deduction
- B. The Bureau may request documentary evidence from any of the related persons to ensure correct calculation of the tax based on the fair market value of the goods and services.
- C. Failure to provide the evidence referred to in the previous Paragraph to the Bureau within 30 days of their request or in case the Bureau discerns that the related persons used a value lower than the fair market value, the Bureau may replace the fair market value with the value used and calculate the tax accordingly.

Article 28: Value of deemed supply

- A. In respect of deemed supply of goods, the purchase value shall be used as a basis for charging tax, If the price cannot be determined then the total actual cost on the date of supply will be used.
- B. In respect of deemed supply of services, the total actual cost incurred by the Taxable Person in providing the services will be used.
- C. In cases where the purchase value or the total actual cost specified in Paragraphs (A) and (B) of this Article cannot be determined, the tax shall be charged based on the fair market value of the goods or services.
- D. If the economic activity ceases, the value of deemed supply will be the fair market value of the goods held by the Taxable Person on the date of his deregistration.

Article 29: Value of supply after discount

- A. Discounts offered at the time of supply shall be treated in accordance with subparagraph (1) of the first Paragraph of Article (24) of the Law.
- B. Discounts offered after the time of supply shall be treated in accordance with the provisions of Article (28) of the Law.
- C. For the purposes of implementing subparagraph (2) of the first Paragraph of Article (24) of the Law, the subsidies granted by the state shall include subsidies granted by government entities.

Article 30: Bad debts

- A. If the Consideration for the supply has not paid in part or in full, the value of the tax can be adjusted in accordance with the following:
 - 1. The Taxable Person must prove that he has taken all the necessary procedures to recover the debts.
 - 2. The debt is written off from the taxable person's books in part or in full as a bad debt
 - 3. The debt was uncollected for a minimum period of 12 months excluding uncollectable debts due to bankruptcy

- B. The customer must reduce the deductible Input Tax related to the tax period during which the tax related to the bad debt was adjusted by the Taxable Person in accordance with Paragraph (A) of this Article.
- C. If the debt is recovered, partially or fully, after the adjustment date then the net tax must be adjusted within the tax period during which the recovery happened.

Article 31: Value of supply based on profit margin

- A. The Taxable Person may calculate the tax based on the profit margin, with the Bureau's approval, for the following supplies:
 - 1. Second-hand goods, meaning tangible moveable property that is suitable for further use as it is or after repair
 - 2. Art works, antiques, or other items of scientific, historic or archaeological interest.
- B. The provisions of Paragraph (A) of this Article apply if the Taxable Person supplies the referred goods after being purchased from:
 - 1. A person who is not registered for tax purposes in the Kingdom.
 - 2. A taxable person licensed to calculate the tax based on the profit margin.
 - 3. A taxable person who purchased the goods for commercial purposes and who was not entitled to deduct the Input Tax related to those goods.
- C. The profit margin consists of the difference between the purchase price of the goods and the selling of the goods, and the profit margin shall be deemed to be inclusive of tax.
- D. The Taxable Person may not deduct any Input Tax charged to him or included in the value of the purchased used goods.
- E. The Taxable Person must explicitly indicate on his tax invoices that the tax was calculated based on the profit margin.
- F. The Taxable Person must keep the records and documents containing the details of the taxable supplies based on the profit margin.

Article 32: Adjustment to the value of the supply

- A. A Taxable Person must issue the necessary amendment documents stipulated in Article (41) of the Law and provide them to the customer in any of the cases set forth in Article (28) of the Law.
- B. A Taxable Person must adjust the tax due on the tax period during which one of the cases referred to in Article (28) of the Law occurred.
- C. If the conditions for bad debts are fulfilled, a Taxable Person may adjust the tax due in accordance with article (28) of the law.

Chapter 8 - Registration

Article 33: Mandatory Registration

- A. The mandatory registration threshold shall be BHD 37,500 (thirty-seven thousand five hundred dinars)
- B. The person required to register for tax must file a registration application to the Bureau within the following deadlines:
 - 1. 30 (Thirty) days counted from the last day of the month during which the value of the annual supplies in the Kingdom exceeded the mandatory registration threshold.
 - 2. 30 (Thirty) days prior to the month during which the value of the annual supplies in the Kingdom is expected to exceed the mandatory threshold.
- C. Registration will be effective from the date shown on the registration certificate.
- D. Where a taxable person does not file his tax registration application within the deadlines specified in this article despite exceeding the mandatory registration threshold, the Bureau shall register that person automatically from the date on which the person's annual supplies exceeded the mandatory registration threshold. The registration provisions shall apply to the taxable person from that date and the Bureau must notify him of the registration.
- E. The taxable person shall be responsible for the tax due on all the supplies and imports subject to tax prior to the date of registration in accordance with the provisions of this article in the case of delay in registration.

Article 34: Annual supplies for registration purposes

- A. The value of annual supplies for registration purposes must include the following:
 - 1. The value of supply of taxable goods and services excluding the value of supply of capital assets.
 - 2. The value of deemed supplies.
 - 3. The value of internal supplies, if the supply is taxable in the Kingdom.
 - 4. The value of annual supplies made by related parties provided that the conditions in Article (40) of these Regulations are met.
 - 5. The value of the goods and services supplied to the taxable person where he is obliged to pay the tax.
- B. The provisions of Paragraph (A) of this article will apply when determining the value of expected annual supplies. The value of expected supplies must be based on a clear business plan prepared by the Taxable Person with no expectation of change that will impact achieving the expected supply.

Article 35: Registration exclusion

- A. The Taxable Person wishing to be excluded from registration must submit an exclusion request to the Bureau using the form prepared for this purpose and including the following information:
 - 1. Name, details and business address in the Kingdom.
 - 2. Commercial registration number
 - 3. Registration number and customs registration number, if any.
 - 4. Nature and detail of his taxable economic activity indicating that the supplies he makes are zero-rated.
 - 5. The value of his annual zero-rated supplies.

6. Undertaking to not deduct the Input Tax or claim any tax recovery for the registration exclusion period if he is registered for tax purposes at a later date.
- B. The Bureau shall fulfil a decision on the registration exclusion application within 30 days of its submission and the Taxable Person must provide any required clarifications and related documents to the Bureau immediately upon request.
- C. The Bureau shall examine the application to ensure that it contains the required information and notify the Taxable Person of its decision to approve or refuse his application upon review.
- D. A Taxable Person excluded from registration must immediately notify the Bureau on supplying any supply that is not zero-rated within a period not exceeding 30 days from the date of such supply.
- E. A Taxable Person excluded from registration who ceases to satisfy part or all of the conditions set forth in this Article must register for tax purposes within 30 days of the date on which the reason for the exclusion is not fulfilled.

Article 36: Mandatory registration of non-residents

Every non-resident non-registered person in the Kingdom who is obligated to pay tax in the Kingdom, must submit a registration request to the Bureau within 30 days from the date of the first supply that deems him required to be registered either directly or by appointing a tax representative, after the approval of the Bureau, to fulfil all the responsibilities specified in the Law and in these Regulations.

Article 37: Registration application

- A. The registration application must include – at minimum- the following information:
 1. Name and address of the applicant.
 2. The email address that will be used to communicate with the Bureau.
 3. Commercial Registration number and customs registration number, if any.
 4. Details of the taxable person's activity.
 5. Commencement date of the activity and date of fulfilment of the conditions of the mandatory registration.
 6. The value of actual and expected annual supplies for registration purposes.
 7. An indication of the nature of supplies and if these are exempted or zero-rated.
 8. An indication of whether the applicant is an exporter and the value of annual export transactions out of the total value of annual supplies.
 9. Details of the Taxable Person's authorized signatories for tax purposes.
- B. If the registration application is accepted, the Bureau shall issue a registration certificate to the Taxable Person which includes the effective date and the tax registration number. In the case that the registration certificate is lost or destroyed, the registrant must get another registration certificate issued.
- C. The Taxable Person must display the tax registration certificate issued by the Bureau in a manner that is visible in his establishment

Article 38: Tax Group

- A. The Bureau may register two or more taxable legal persons who are residents in the Kingdom as one tax group, upon their request, upon meeting the following conditions:
 - 1. They are related persons
 - 2. Each of them has to be registered for tax purposes on the date of submission of the tax group registration application.
- B. A person may not be member of more than one tax group in the Kingdom.
- C. Each member of the tax group shall be jointly liable for the group's due tax and for the arising tax obligations during the membership of the tax group.
- D. The transactions between the members of the same tax group shall not be considered as a supply for tax purposes.
- E. No member of the tax group may withdraw from the tax group before 12 months from the date of joining the tax group.

Article 39: Tax group representative

- A. The tax group must appoint one of its members as a representative of the tax group by issuing a power of attorney.
- B. The tax group representative must comply with all tax obligations of the group without prejudice to the joint liability of the tax group members including the following:
 - 1. Submission of a request to form the tax group on behalf of the group using the form prescribed for this purpose by the Bureau.
 - 2. Notification of the Bureau of member withdrawal requests or addition of new members.
 - 3. Notification of the Bureau of the request to dissolve the group in accordance to the tax group's decision for any reason or when the tax group ceases to satisfy the conditions for tax group registration.

Article 40: Registration of related persons

- A. The value of annual supplies made separately by each of the related persons shall be added to determine the total value of annual supplies for the purpose of registration in the Kingdom as Related Persons.
- B. Related Persons must have financial, economic and organizational associations.
- C. If the total value of annual supplies exceeds the mandatory registration threshold, each person of the Related Persons must submit a registration application individually to the Bureau and the Bureau may automatically register these persons, or whenever it is proven that have segregated their businesses to avoid tax registration.

Article 41: Obligations arising on exit from a tax group

- A. It is considered that any adjustment related to a supply transaction, receipt or import made by any member of the tax group during his membership in the tax group is an adjustment made by a taxable person and not by the tax group provided that the adjustment is not related to transactions between the tax group members.

- B. The value of any adjustment related to capital assets acquired by the member during his membership in the tax group will be considered as an adjustment made by the member and not by the tax group.

Article 42: Procedure of registration of tax group

- A. The tax group representative must submit a tax group registration application using the form prescribed by the Bureau for this purpose.
- B. The tax group registration application must contain -at the minimum - the following information:
 - 1. Name of the tax group representative and registration number.
 - 2. Name and registration number of each member of the tax group.
 - 3. Details of the financial, economic or organizational relation between each member in the tax group and the other
 - 4. Official power of attorney issued by the members of the group appointing the tax group representative.
 - 5. Written consent from the person appointed as the tax group representative accepting to be the tax group representative.
- C. The tax group representative must provide the Bureau with any documents validating the information included in the application within 30 days of such request.
- D. The Bureau must give a decision regarding the tax group registration application, either by approving or refusing it, within 30 days of the date of submission of the application, and must notify the tax group of such decision.
- E. Tax group registration applications must be rejected in any of the following cases:
 - 1. If the information included in the application is found to be incorrect or if any of the conditions for registering as a tax group in accordance with the provisions of the law is not satisfied
 - 2. If there are probable reasons suggesting that registration as a tax group possesses risk on tax revenues
 - 3. If one of the members of the tax group is a government entity
- F. If the tax group registration application is approved, the Bureau shall issue a new tax registration number for the tax group and a new tax registration certificate, and the effective date the tax group registration will be based on that.

Article 43: Amendment of registration information

A Taxable Person must notify the Bureau using the form prescribed by the Bureau for this purpose of any change to his information or on his operations or activities in the Kingdom or to any other relevant information included in the registration application within 30 days from the date of occurrence of changes.

Article 44: Voluntary registration

- A. The voluntary registration threshold is set at 18,750 dinars (Eighteen thousand seven hundred fifty)
- B. The voluntary registration application shall be submitted to the Bureau using the form prescribed for this purpose. The Bureau shall review and examine the application and inform the applicant of the result of the examination, either approving or refusing the application, within 60 days of its submission.

- C. The voluntary registrant must remain registered for a period of no less than 24 months from the date of registration unless he completely ceases his activities prior to that date. In such case, he must furnish sufficient documentary evidence to prove to the Bureau that he has ceased his activities.

Article 45: Deregistration

- A. A person is required to deregister when one of the deregistration cases occurs and must submit a deregistration application using the form prescribed by the Bureau for this purpose within 30 days of the date on which the reason for the deregistration occurred.
- B. The Bureau may request the Taxable Person to submit documents evidencing him ceasing his economic activity or proof of the value of his actual or expected annual supplies or any other documents that the Bureau deems necessary to examine the deregistration application.

Article 46: Deregistration application

The deregistration application must include - at least - the following information:

1. Name of the registered person requesting deregistration.
2. Registration number of the registered person and effective date of registration.
3. Reasons for requesting deregistration.
4. Date on which the registered person ceased to make taxable supplies, if the reason for deregistering is cessation of his economic activity.
5. Value of annual supplies by the taxable person in the last 24 months.
6. Value of expected annual supplies by the taxable person for the next 12 months.

Article 47: Decisions on deregistration applications

- A. The Bureau must decide on deregistration applications within 30 days of their submission and must notify the applicant of the approval or refusal of the applications.
- B. On approval of the deregistration request, the Bureau shall notify the registered Person of his deregistration and this notification will be issued only after the registered person performs the following:
 1. Payment of the tax and fines due
 2. Submission of all tax returns of the tax periods during which he was registered
- C. The Bureau shall specify the effective date of deregistration in the deregistration decision.
- D. The deregistered person must comply with the following:
 1. Refrain from presenting himself as a registered person in any way.
 2. Retain books, records and invoices related to his supplies for a period of five years from the date of deregistration and allow the Bureau's employees access to them upon request.

Chapter 9 - Tax Period and Tax Returns

Article 48: Tax Period

- A. The tax periods shall be as follows:
 1. Monthly (Gregorian) basis for the taxable person of an annual turnover of more than 3 million dinars declared for the tax registration purposes

2. Quarterly (Gregorian) basis for the taxable person of an annual turnover of less than 3 million dinars declared for the tax registration purposes as follows:
 - a) First quarter: 1 Jan to 31 March
 - b) Second quarter: 1 April to 30 June
 - c) Third quarter: 1 July to 30 September
 - d) Fourth quarter: 1 October to 31 December
- B. As an exception to paragraph (a) above, the Bureau may adjust the tax period of a taxable person at its own discretion. The Bureau must notify the taxable person of the new tax periods within a period of not less than 3 months prior to the new tax period implantation.
- C. The taxable person with an annual turnover not exceeding 3 million dinars may apply to adjust the tax period to be on a monthly basis and in the case of approval of such request, a notification shall be issued to the taxable person indicating the new tax period implementation.

Article 49: Submission of tax return

- A. A taxable person must submit a tax return for each tax period to the Bureau no later than the last day of the month following the tax period.
- B. A tax return must contain, at minimum, the following information:
 1. The value of taxable supplies subject to the standard rate and the output tax due thereon for the tax period reported in the return
 2. The value of taxable supplies subject to the zero rate for the tax period reported in the return
 3. The total value of goods and services supplied to the taxable person where the tax is payable by the taxable person and the tax due thereon for the tax period reported in the return
 4. The tax due on imports for which the payment has been deferred for the tax period reported in the return.
 5. The value of increase in tax due as a result of an adjustment
 6. The total value of the tax due for the tax period
 7. The total value of the taxable inputs of the taxable person and the deductible tax thereon related to the tax period reported in the return
 8. The net value of the tax recoverable from previous periods
 9. The value of the recoverable tax relating to import transactions
 10. The value of the additional recoverable tax resulting from the adjustment of the deduction.
 11. The total value of the recoverable tax for the tax period reported.
 12. The net payable or receivable tax

Article 50: Tax return submission procedures

- A. A taxable person must submit the tax return to the Bureau electronically using the electronic system set for this purpose
- B. A taxable person receives, from the Bureau, the credentials that allow him to access his electronic page and he shall keep the credentials and not allow any third part to access them or use them.
- C. Upon the receipt of the tax return, the Bureau shall send a receipt to the taxable person's email.
- D. The electronic tax return receipt shall be considered an official tax return receipt and the date on which tax return was submitted via the Bureau's website shall be considered the actual date of submission of the tax return.

- E. The submission of the tax return via the Bureau's website shall be considered a confirmation and acknowledgement that the information contained in the return is correct and has been provided by the taxable person.

Article 51: Amendment of the tax return

- A. In the case where there is an error in the tax return which has resulted in an understatement or overstatement of the net tax amount, the taxable person has to submit an amended tax return using the same method of submitting returns on the form prepared for this purpose by the Bureau.
- B. The amended tax return shall include, in addition to the information in the tax return, a description of the amended amounts, the original amounts and the differences and reasons for the amendment.
- C. The amended tax return must be submitted within 30 days of becoming aware of the error in the return and before the Bureau initiates the investigation and control procedures.
- D. The amended tax return shall cancel and replace the original tax return
- E. No administrative fines shall be imposed on the taxable person on submission of an amended tax return provided that it is submitted within the time frame stipulated in this article.
- F. As an exception to paragraph (a) of this article, a taxable person may correct any error resulting in a net tax due of less than 5,000 dinars through the tax return of the tax period following the original tax period.

Chapter 10 - Tax Invoice and Relevant Documents

Article 52: Tax Invoice

- A. A tax invoice shall include at least the following:
 1. The words "Tax Invoice" clearly displayed
 2. The name, address and registration number of the taxable person
 3. The name and address of the customer
 4. The date of issuance of the tax invoice, date of supply or date of payment if different from the date of issuance of the invoice
 5. A sequential invoice number
 6. The description of the goods or services supplied
 7. The quantity of supplied goods
 8. The value of supply in dinars, including the unit price exclusive of tax in dinars
 9. The value of the discount (if any) and the net value of the supply in dinars
 10. The rate and amount of tax charged
 11. The total amount due for the supply inclusive of tax in dinars
 12. The applicable exchange rate where the currency used is not dinars
 13. An explicit reference to the calculation of tax based on profit margin in the cases where the profit margin scheme applies.
 14. An explicit reference to the exclusion or exemption of the transaction from tax.
- B. A taxable person must issue a tax invoice on supplying goods on services to a non-resident.
- C. A taxable person obligated to pay the tax in accordance to the reverse charge mechanism must indicate the value of the tax due in dinars on the transaction price on the invoices issued to him from the non-resident supplier outside the Kingdom.
- D. In the case of issuance of one or more copies of the of the original tax invoice, it must be clearly marked "Duplicate" on each copy and deductions may be made only using the original tax invoice.

- E. In the event that the original tax invoice is lost or destroyed, the supplier may issue an additional identical invoice and include a statement indicating that it has been issued as a replacement for the original tax invoice.
- F. A taxable person has to keep photocopies of all tax invoices issued for a period of five years from the end of the Gregorian year during which these invoices were issued.
- G. A taxable customer receiving goods and services supplied to him by a taxable supplier may issue tax invoices on behalf of the supplier in accordance to the following conditions:
 - 1. There is a written agreement between the two parties for the issuance of tax invoices by the customer
 - 2. The supplier undertakes to not issue any tax invoices on the concerned transaction
 - 3. There is a mechanism to enable the supplier to approve each tax invoice issued by the customer on his behalf
 - 4. The tax invoice clearly indicates that it is issued by the customer on behalf of the supplier
 - 5. The customer keeps a copy of each tax invoice issued on behalf of the supplier
 - 6. The invoice issued on behalf of the supplier has to satisfy the tax invoice requirements stipulated in the law and these regulations.
- H. A taxable person making numerous supply transactions to a single customer within a time period not exceeding one month may issue a summary tax invoice treated as a tax invoice, considering that it must satisfy all the tax invoice requirements stipulated in the law and these regulations.
- I. Notwithstanding the provisions of paragraph (a) of this Article, a bank account statement shall be treated as a tax invoice provided that it includes the following information:
 - 1. Name, address and registration number of the taxable bank in the Kingdom
 - 2. Name and address of the customer
 - 3. Date of issuance of the bank account statement
 - 4. The tax rate applicable on each supply
 - 5. The tax amount on each supply

Article 53: Special cases for issuance of simplified tax invoices

- A. Notwithstanding the provisions of Article (52) of these regulations, a taxable person may issue simplified tax invoices in any of the following cases:
 - 1. If the customer is not registered for tax purposes in the Kingdom
 - 2. If the consideration does not exceed 500 dinars
- B. A simplified tax invoice must include – at minimum- the following information:
 - 1. Name, address and registration number of the taxable supplier
 - 2. Date of issuance of the simplified tax invoice
 - 3. The description of goods and services supplied
 - 4. The total value of supply inclusive of tax in dinars
 - 5. The rate and amount of tax charged in dinars

Article 54: Amendment of a tax invoice (credit/debit note)

- A. A taxable person must issue a rectifying document in the cases where the tax invoice or alternate document is amended after issuance, subject to the following:

1. If the value of the tax due on the supply exceeds the tax collected by the taxable person, he must issue a debit note and account the additional tax due during the tax period that the shortage was identified
 2. If the value of the tax collected by the taxable person exceeds the tax due on the supply, he must issue a credit note and deduct the surplus tax in the tax period when the surplus has been identified.
- B. The credit note and debit note must include – at minimum- the following information:
1. The word “Credit Note” or “Debit Note” pursuant to the cases in paragraph (a) of this article.
 2. Name, address and registration number of the supplier
 3. Name and address of the customer
 4. Sequential number of the credit note or debit note
 5. Date of issuance of the credit note or debit note
 6. The tax invoice number or alternate document number that is being rectified
 7. The rectified value of supply and the value of tax rectified in dinars.

Article 55: Fraction of Fils

Where the tax chargeable on a supply is calculated to a fraction of a Fils, the taxable person is permitted to round the amount to the nearest Fils on a mathematical rounding.

Article 56: Record keeping of tax invoices and related documents

- A. A taxable person may issue and keep tax invoices, credit notes, debit notes and other documents evidencing his supplies electronically provided that the devices used for this purpose are equipped to issue these invoices and documents in paper form in a chronological and numerical sequence and in a way preventing the addition or deletion of entries or subsequent amendments enabling the Bureau to ensure proper bookkeeping and recordkeeping.
- B. A taxable person who wishes to issue and keep tax invoices and documents electronically must obtain prior approval of the Bureau.

Chapter 11 - Tax Deduction and Adjustment

Article 57: Input tax deduction

- A. A taxable person may deduct the input tax paid or due from him in the course of carrying on an economic activity for the purpose of making the following supplies:
1. Taxable supplies, including zero-rated supplies
 2. Internal supplies
 3. Supplies taking place outside the Kingdom provided that the input tax is recoverable had they been made in the Kingdom
- B. A taxable person must have the following documents:
1. The original tax invoice pertaining to the goods and services supplied to him that include all the prescribed information in accordance to the provisions of the law and these regulations
 2. The customs documents pertaining to the import transactions made by him and that prove that he is the importer of the goods in accordance with the Customs law
 3. The tax invoices issued by the customer on behalf of the supplier in accordance to the provisions of these regulations.

4. Any other commercial documents evidencing that the taxable person has paid the tax due.
- C. A taxable person may not deduct the input tax in any tax period after 5 years from the end of the Gregorian year in which the right to deduct input tax arises.
- D. A taxable person may not deduct the input tax in the case where the goods supplied to him have been lost, damaged or stolen and he has to provide evidence of such loss, destruction or theft by way of official proceedings or that the damage is attributable to the nature of the goods.

Article 58: Non-recoverable input tax

- A. The input tax incurred by the taxable person for purposes other than his economic activity may not be deducted, if the goods or services are intended for personal use or are of an entertainment nature, such as:
 1. Tax paid for entertainment services for individuals by the taxable person such as hospitality services, accommodation and food and beverage services that are not provided in the usual course of employment.
 2. Tax paid for entry to events, occasions or recreational trips
 3. Tax paid for goods and services used by the employees without being charged any fees and for their personal use except in cases that it is a legal obligation to provide these under any applicable law in the Kingdom.
- B. Input tax related to vehicles provided by the taxable person to his employees may be deducted in proportion to their use for business purposes, the provisions of this paragraph will apply on the input tax on the supplies related to such vehicles such as maintenance, repair and insurance.
The Bureau's chief executive shall issue a resolution on the rules and conditions to deduct the input tax related to vehicles.
- C. The provisions set in paragraph (b) of this article shall not apply on the following vehicle categories:
 1. Vehicles that are leased by leasing companies
 2. Vehicles registered and used for emergencies such as vehicles for police, ambulance, firefighting
 3. Taxis and buses licensed by the Ministry of Transportation and Telecommunication.
 4. Buses, trucks and cranes and other similar vehicles that can only be used as part of the economic activity.

Article 59: Proportional deduction

- A. The input tax incurred by a taxable person which is exclusively and directly attributable to making supplies that give him the right to deduction in accordance with the provisions of the law and these regulations can be deducted in full.
- B. The input tax incurred by a taxable person which is exclusively and directly attributable to making supplies that do not give him the right to deduction in accordance with the provisions of the law and these regulations cannot be deducted.
- C. In the cases where the input tax is related to goods and services used to make taxable and non-taxable supplies and the taxable person is unable to determine the rate of input tax exclusively and directly to any of these supplies, he shall use the deduction rate for the purpose of deducting the input tax.
- D. For the purposes of implementing this article, the deduction rate shall be the rate between the total value of the supplies that give the right to deduct (numerator) and the total value of all the supplies made including those that do not give the right to deduction (denominator).
- E. The following transactions shall not be included in calculating the deduction rate:

1. The supply of capital assets intended for carrying out the economic activity
 2. Incidental supplies that do not form part of the main activities of the taxable person
 3. Supplies taking place outside the Kingdom which are supplied from an establishment of the taxable person outside the Kingdom
 4. Transactions outside the scope of the tax
- F. The taxable person shall determine the deduction rate at the end of each tax period based on the actual value of the supplies made in the tax period.
- G. The taxable person shall calculate at the end of each tax year the deduction rate based on the actual value of the supplies made in the year and in the case where the deduction rate on this annual calculation differs from the total amount of input tax deducted during the year, the taxable person shall reflect the difference in the last tax period of the year or in the first tax period of the following year.
- H. For the purposes of input tax deduction on capital assets, the tax year shall mean 12 consecutive months of either 3 tax periods (quarters) or 12 tax periods (months) in accordance to what the Bureau determines.
- I. The percentage rate calculated shall be rounded to the nearest decimal number
- J. The taxable person may use other methods of calculating the deduction rate that reflect his economic activity after the approval of the Bureau.
- K. The Bureau may require a taxable person to use another deduction rate calculation method when the method stipulated in this article does not represent a fair and reasonable method for his economic activity.

Article 60: Adjustment of input tax on capital assets

- A. For the purpose of adjusting the input tax on capital assets, the useful life of the capital asset shall be determined as follows:
1. No less than 5 years for the intangible assets and the tangible moveable assets
 2. No less than 10 years for tangible immovable assets
- B. The period during which the taxable person may adjust the input tax on capital assets shall be as follows:
1. For five years for moveable tangible assets and intangible capital assets starting from the tax year that the capital assets have been used for the first time and each subsequent year shall start after the end of the previous tax year
 2. For ten years for tangible immovable tangible assets starting from the tax year that the capital assets have been used for the first time and each subsequent year shall start after the end of the previous tax year
- C. A taxable person shall deduct the input tax in accordance with the provisions of articles (42), (43) and (45) of the law in the first tax year that the capital assets are used for the first time based on the deduction ratio expressed as a percentage.
- D. At the end of each subsequent year during the adjustment period, a taxable person shall calculate the deduction ratio as a percentage of the capital assets in accordance with the provisions of articles (42) and (45) of the law.
- E. If there is a difference between the deduction rate of the first year and that of a subsequent year, the taxable person shall make an adjustment for such difference using the following formula:
1. For intangible capital assets and tangible moveable capital assets, the formula is as follows:
*(Total input tax incurred on the asset * 20%) * (Subsequent year rate- First year rate)*

2. For tangible immovable capital assets, the formula is as follows:
*(Total input tax incurred on the asset * 10%) * (Subsequent year rate- First year rate)*
- F. A taxable person must declare the adjustment resulting from the application of the formula under paragraph (e) of this article in the last period of the subsequent year or the first tax period of the following tax year.
- G. Where a taxable person surrenders the asset through sale in the adjustment period, the adjustment shall be as follows:
 1. In the case that the surrender of the capital asset is taxable, the taxable person shall perform the adjustment once as follows:
 - a) For intangible capital assets and tangible moveable capital assets, the formula is as follows:
*(Remaining years for adjustment/5 * total input tax incurred on the asset) * (100% - first year rate)*
 - b) For tangible immovable capital assets, the formula is as follows:
*(Remaining years for adjustment/10 * total input tax incurred on the asset) * (100% - first year rate)*
 2. In the case that the surrender of the capital asset is exempt from tax, a taxable person shall perform the adjustment once as follows:
 - a) For intangible capital assets and tangible moveable capital assets, the formula is as follows:
*(Remaining years for adjustment/5 * total input tax incurred on the asset) * (0% - first year rate)*
 - b) For tangible immovable capital assets, the formula is as follows:
*(Remaining years for adjustment/10 * total input tax incurred on the asset) * (0% - first year rate)*
- H. A taxable person shall declare the adjustment resulting from the application of the corresponding formula under paragraph (g) of this Article in the last tax period of the tax year where the surrender of the capital asset took place of the first tax period of the next year
- I. No adjustments need to be made in the event of destruction or loss of the capital asset before the lapse of the adjustment period and the taxable person shall notify the bureau of such incidence prior to the end of the tax year when the incident took place.
- J. In the case that the taxable person transfers his capital assets as a part of surrender of economic activity, the following applies:
 1. The adjustment year shall end on the day preceding the surrender date and the taxable person shall perform the necessary amendments for that year in the taxable period that the surrender takes place
 2. The next adjustment year shall commence on the day of the surrender and the adjustment for this year shall be performed by the person surrendered to at the end of the year starting from the date of the surrender. The adjustment shall continue for the remaining adjustment years in the same manner.
- K. The adjustment for capital assets when the taxable person enters into a tax group shall be as follows:
 1. The adjustment year shall end on the day preceding the entry of the taxable person into a tax group and the taxable person shall perform the necessary adjustments for the year in the tax period that the entry into a tax group occurred.
 2. The next adjustment year shall commence on the day when the taxable person enters a tax group and the tax group shall perform the adjustment for the year at the end of the tax year that starts from the date of entry to the tax group. The adjustment shall continue for the remaining adjustment years in the same manner.
- L. If a taxable person is no longer a member of a tax group and is subject to tax independently as a taxable person, the following applies in respect of his capital assets:

1. The adjustment year shall end on the day preceding the end of membership of the taxable person in the tax group and the tax group shall perform the necessary adjustments for the year in the tax period that the exit from the tax group occurred.
2. The next adjustment year shall commence on the day when the taxable person's membership in the tax group ends and the taxable person shall perform the adjustment for the year at the end of the tax year that starts from the date of exit from the tax group. The adjustment shall continue for the remaining adjustment years in the same manner.

Article 61: The right to deduct input tax paid prior to registration

- A. A taxable person may deduct the input tax incurred on goods and services supplied to him or imported by him prior to his effective registration date for tax purposes in accordance with the following conditions:
 1. The goods have been supplied to him or imported by him during a period not exceeding 5 years from the effective registration date for tax purposes and are still in his possession on the date of his effective registration
 2. The services are supplied to him in a period not exceeding 6 months from his effective registration date for tax purposes
 3. The supplies have been supplied to him or imported by him for the purpose of conducting economic activity that gives him the right to deduct in accordance to the provisions of the law and these regulations.
- B. A taxable person may deduct the input tax incurred on capital assets supplied to him or imported by him prior to his effective registration date for tax purposes in accordance with the following conditions:
 1. The capital assets have a positive net book value on the effective date of registration for tax purposes
 2. The capital assets are supplied to or imported by the taxable person for the purposes of his economic activity that gives him the right to deduct in accordance to the provisions of the law and these regulations.
- C. The maximum deductible input tax on a capital asset acquired or imported by a taxable person prior to the effective registration date is determined based on the net book value of the capital asset which is determined by the accounting standards by the taxable person.
- D. For the purpose of calculating the adjustment period applicable to capital assets acquired or imported by the taxable person before the effective registration date for tax purposes and the first year for adjustment purposes shall commence from the date of first use of the capital asset by the taxable person.

Article 62: Rules for deducting input tax prior to the registration date

- A. A taxable person shall deduct the deductible input tax in accordance with the provisions of Article (61) of these regulations in the tax return of the first tax period after the registration.
- B. For the purpose of paragraph (a) of this article, the taxable person shall provide the Bureau with a list enabling him to determine the deductible input tax in relation to the applicable purchases in addition to the following information:
 1. Stocktake of merchandise and raw materials available with him on the effective date of registration detailing the nature, quantity and price of the stock of merchandise and raw

- materials, the date of purchase of each element of it and the value of the input paid in relation to it.
2. Stocktake of all the capital assets available with him on the effective date of registration detailing the nature, the date of purchase and the value of the input paid on each transaction separately.
 3. Copies of the tax invoices issued by the supplier of goods supplied and services acquired
 4. Customs information in the case of import
- C. The Bureau may take the necessary inspection action to verify the stocktake and asset information based on the case, the Bureau may request the taxable person to look at the necessary documents to verify the information provided by the taxable person.

Chapter 12 - Payment of tax

Article 63: Regulations of payment of tax

- A. A taxable person shall settle payable tax in relation to a tax return no later than the last day of the month following the end of the tax period.
- B. Where a taxable person does not submit his tax return or is proved to miscalculate the tax, a taxable person must pay the tax, tax differences and administrative fines due (if any) in accordance with the estimates issued by the Bureau within 30 days from the date of notification of the estimate result or before the date specified in the notification of the estimate result.
- C. Subject to the provisions of the law pertaining to the administrative fines and penalties, every person issuing an invoice with payable tax has to pay that amount to the Bureau irrespective of whether the transaction is not subject to tax or subject to tax at the zero-rate or partially or fully exempted from tax and is categorized as taxable incorrectly.
- D. A taxable person must pay the payable tax in accordance with the reverse charge mechanism after declaring it in the tax return.

Article 64: Mechanism of payment of tax

- A. The tax, tax differences and administrative fines payable to the Bureau shall be paid electronically in accordance with the mechanism directed by the Bureau.
- B. A taxable person shall provide all the details of his registration number and indicate the tax period for which the payment is being made, upon payment of tax.
- C. Every taxable person shall have a separate tax account with the Bureau in which the payable tax on each tax period and the current balance of the total payable tax and administrative fines and fees and any other payable amounts are maintained.
- D. The details of the taxable person's tax account are available electronically for the taxable person to review in accordance to the mechanism designated by the Bureau.
- E. A taxable person may file a request to the Bureau to allow payment of net payable tax on a specific tax period in instalments provided that the taxable person shows that he is unable to pay the payable tax in full within the time period prescribed by the law. The Bureau shall decide within 30 days of submission of such request and notify the applicant of acceptance or refusal in accordance with the communication means legally prescribed. In the case of approval of the Bureau, the taxable person shall pay the instalments on the due dates prescribed in the notification of approval, where a taxable person fails to pay the instalments on the specified due dates, the remaining instalments shall become due immediately.

Article 65: Regulations governing payment of tax at import

- A. The tax due on import shall be paid to Customs Affairs at the Ministry of Interior and shall be collected in accordance with the procedures set for payment and collection of customs duties.
- B. In the cases of suspension of tax in accordance with the conditions stipulated in the Customs Law, the tax is due on the date of release of the goods and is paid to the Customs Affairs at the Ministry of Interior in accordance with the procedures set for payment and collection of customs duties.
- C. In respect of the deferred tax on import pursuant to the provisions of the law, a taxable person shall include the deferred tax as a payable tax and deductible tax in his tax return for the relevant tax period in accordance to the provisions and rules in the law and these regulations.

Chapter 13 - Domestic reverse charge mechanism

Article 66: Domestic reverse charge mechanism

- A. A taxable person engaging fundamentally in internal supplies or export of goods may file a request to the Bureau on the prescribed form for this purpose to perform domestic reverse charge mechanism on some of the goods and services purchased that are subject to tax at the standard rate and that satisfy the requirements stipulated to in paragraph (d) of this article
- B. If the Bureau approves on the taxable person's request after making sure than all the requirements are satisfied, a certificate will be issued to the taxable person granting him the right to apply domestic reverse charge mechanism on his purchases.
- C. When a taxable person provides a copy of the certificate issued by the Bureau to a taxable person supplying him with goods or services satisfying all the requirements, the following shall be considered:
 - 1. The taxable person supplying the goods or services shall not charge tax on the supply of these goods or services
 - 2. The taxable person receiving the goods or services shall account for tax and declare it in the tax return
- D. The following conditions need to be satisfied for the Bureau to approve using the domestic reverse charge mechanism:
 - 1. The tax de on the goods and services supplied to the taxable person can be deducted in full as input tax
 - 2. The taxable person must prove that the total value of the internal supplies and exports made exceed 50% of the total value of his supplies
 - 3. The taxable person must provide reasonable justifications to the Bureau proving the net tax in the tax return will always be refundable and that the refundable amount significantly impacts his financial position.
- E. If, after obtaining the approval of the Bureau, any of the conditions set forth in paragraph (d) of this article are no longer satisfied, the taxable person must notify the Bureau within 30 days from the date on which the condition is no longer satisfied and the Bureau shall forfeit the approval of using the domestic reverse charge mechanism.
- F. In all cases, the Bureau has the right to forfeit the approval of using domestic reverse charge mechanism by a notification to the taxable person indicating the date of forfeiture.

Chapter 14 - Charging tax at zero rate

Article 67: Export of goods to outside the territory of the implementing states and supply of goods under one of customs duty suspension arrangements

- A. The zero-rate tax shall apply on the export of Goods to outside the territory of the Implementing States, it shall also apply to the supply of goods to, or under, a customs duty suspension regime, under the following conditions;
 - 1. The goods are physically exported outside the Implementing States or supplied to, or under, a customs duty regime, within 90 days from the date of supply.
 - 2. The goods are exported or supplied under a duty suspension regime by a taxable person or the customer directly or under their behalf.
 - 3. These goods should not be altered or used in the Kingdom or supplied to a third person in it between the date of supply and the date of transport to outside the Implementing States or under a customs duty suspension regime. This excludes the activities necessary to prepare the goods for export.
 - 4. The Taxable Person keeps the commercial and official documents evidencing transport to outside the Implementing States or under a customs duty suspension regime.
- B. Documents evidencing the export or supply of goods to or under a customs duty suspension regime include:
 - 1. Documents issued by the Ministry of Interior's Customs Affairs or evidencing export or supply under the customs duty suspension regime.
 - 2. Commercial documents showing the identity of the supplier and customer, place of delivery of goods and destination, including the bill of lading, airway bill, packing list and any other relevant documents.
 - 3. Transport documents indicating the delivery or receipt of goods outside the territories of the Implementing States.
- C. Where export or supply under, a duty suspension arrangement is not evidenced, the Bureau may refuse to treat the supply as being subject to tax at zero rate.

Article 68: International transport of passengers and goods and related services

- A. The zero rate shall apply in respect of the services of transport of passengers and goods from or to the Kingdom, which begin or end in the Kingdom or pass through its territories, including related services and supply of relevant means of transport in the following cases:
 - 1. Transport of passengers or goods from the Kingdom to the final destination outside the Kingdom.
 - 2. Transport of passengers or goods from a place outside the Kingdom to the final destination in the Kingdom.
 - 3. Transport services within the Kingdom if such transportation is part of the supply of transport services from the Kingdom to a final destination outside the Kingdom or from a place outside the Kingdom to a final destination in the Kingdom.
- B. Transportation shall be done using qualifying means of transport for international transport
- C. The zero rate shall apply to the supply of services and goods directly or incidentally related to the international transport of passengers and goods, including the following supplies:
 - 1. Supply of goods and services for use or consumption on qualifying means of transport.
 - 2. Loading and unloading machinery and equipment used for the transport of goods, loading of goods, unloading, transport, stacking, packing, weighing, measurement, control, and expert

- services (including services related to experts and commissions pertaining to export transactions and transport of goods destined for export).
3. Hire of containers and equipment to protect goods destined for export.
 4. Hire of machines and equipment used for the transport of goods destined for export
 5. Guarding and storage of goods destined for export.
 6. Packaging of goods intended for export.
 7. Transactions made by clearing agents approved by the customs department and necessary for export transactions.
 8. Visa transactions and relevant services and passenger insurance transactions
- D. The zero rate shall apply to the supply of qualifying means of transport and the supply of goods and services related to their servicing, repair or transformation, including the supply of spare parts, consumables and other necessary components installed or integrated into the means of transport.

Article 69: Healthcare services

- A. The zero rate shall apply to basic and preventative healthcare services. These services must be classified as qualifying medical services provided by qualified medical professionals and qualifying medical institutions, in accordance to the applicable laws and regulation in force in the Kingdom.
- B. Qualifying medical services include, but are not limited to the following;
 1. Public health services
 2. Specialist medical health services, including surgery
 3. Dental services
 4. Services related mental illness and the treatment of mental illnesses
 5. Occupational or surgical health services
 6. Speech therapy
 7. Physiotherapy prescribed by a qualifying medical professional
 8. Sight and hearing screening tests
 9. Nursing care (including home nursing care)
 10. Services relating to diagnosing an illness, including the analysis of any samples and x-rays to determine a diagnosis
 11. Vaccinations
 12. Health testing and/or screening that is undertaken under a local law, documented policy or contractual obligation
- C. Cosmetic surgery is not considered as "qualifying medical services" unless it is provided as part of treating a medical condition as prescribed by a qualified medical professional
- D. In applying the provisions of this article, qualifying medical institutions include hospitals, medical centers, medical complexes, private clinics, alternative medical centers and all centers and facilities engaged in the practice of any medical service licensed by the National Health Regulatory Authority or subject to the supervision of the Ministry of Health. Qualified medical professionals include persons licensed as practitioners by the National Health Regulatory Authority or placed under any other authorized medical body in the Kingdom; namely;
 1. Health practitioners
 2. Midwives.
 3. Nurses.
 4. Psychiatrists.
 5. Dentists.

6. Opticians.
7. Radiologists.
8. Pathologists.
9. Paramedics.
10. Pharmacists.

Article 70: Supply of goods and services related to providing healthcare services

- A. The zero rate shall apply to the supply of goods and services related to the supply of preventive and basic healthcare services offered to a patient during treatment.
- B. Goods and services are related to medical service supplies when they constitute a fundamental part of such services and are offered in relation to the supply of qualifying medical services directly to the patient. These include, but are not limited to, the following:
 1. Medicines, painkillers, dressings and other consumable medical materials used in relation to the qualifying medical services.
 2. Lab services offered by qualified persons.
 3. Transport services to sick and injured persons.
 4. Catering and accommodation services offered by the qualifying medical institutions to the patients.
 5. Deceased persons' services offered within the qualifying medical institutions.
 6. Teleconsultations offered by electronic means, such as telephones and video teleconsultations.
- C. The following goods and services shall be excluded from the goods and relevant services referred to in Paragraph (B) of this Article:
 1. Supply of food and drinks to any person other than the patient.
 2. Parking and valet services.
 3. Telephone, internet and electronic services, including TV rental services.
 4. Accommodation for persons other than the patient.

Article 71: Medicines and Medical Equipment

The zero rate shall apply to the supply or import of medicines and medical equipment, as determined by the concerned medical authorities in the Kingdom

Article 72: Re-Export

- A. The zero rate shall apply to the re-export of transported goods imported temporarily to the Kingdom for repair, renovation, transformation or maintenance, subject to the conditions prescribed in the Unified Customs Law. This includes goods related to goods imported and re-exported and those that became part thereof, the goods that become unusable or of no value as a result of using them in relation to repairs, renovations, transformations or maintenance.
 1. Documents supporting the re-export of goods include:
 - Documents issued by the Ministry of Interior's Customs Affairs evidencing re-export.
 2. Any commercial documents showing the identity of the supplier and customer, place of delivery of goods and destination, including the bill of lading, airway bill, certificate of receipt and any other relevant documents.
 3. Transport documents evidencing the delivery or receipt of goods outside the GCC territories

Article 73: Supply of services to a non-resident customer

The zero rate shall apply to the supply of services by a taxable supplier residing in the Kingdom:

1. The services are supplied to a customer with no place of residence in any Implementing State and who was outside the Kingdom when the service was performed.
2. The services relate to physical goods or real estate existing outside the territories of the Implementing States at the time when the service is performed.
3. The services are performed outside the territories of the Implementing States.
4. The benefit of the services performed is received outside the territory of the Implementing States

Article 74: Supply or import of gold, silver and platinum

- A- The zero rate shall apply to the supply or import of investment grade platinum, gold and silver with a purity of at least (99%) and tradable on global bullion markets, according to a certificate issued by the entity concerned with the inspection of precious metals and stones in the Kingdom.
- B- The zero rate shall apply to the first supply after the extraction of gold, silver and platinum for trade purposes.

Article 75: Supply of Pearls and Precious Stones

- A. The zero rate shall apply to the supply and import of pearls and precious stones
- B. The supplier shall obtain a certificate issued by the entity concerned with the inspection of pearls and precious stones, indicating their nature.

Article 76: Construction of new buildings

- A. The zero rate shall apply to the supply of construction services of new buildings carried out by the Taxable Person, including the supply of goods provided by the Taxable Person in the course of providing such construction of new building services.
- B. For the purposes of this Article, a "building" shall mean residential, commercial or industrial buildings, for example houses, offices, plants, workshops, retail shops, multi-story parking lots, power plants, oil refineries, LNG plants or oil fields.
- C. Building construction services include the following:
 1. Construction works.
 2. Site clearance services.
 3. Extension of existing buildings.
 4. Services provided by engineers and surveyors, and any other similar supervisory services.
- D. Building construction services do not include the following:
 1. Demolition of buildings on the land on which the new building is to be constructed
 2. Architects and interior design fees
 3. Restoration works.
- E. The supply of goods provided by the Taxable Person in connection with the construction of new buildings include those used, installed or integrated in the building or its site, including the following:
 1. Construction materials
 2. Materials required for the construction of raised floors for server computer rooms.
 3. Equipment and machines that are permanently installed as part of a building and cannot be removed without causing damage to the building, or machines and equipment.

4. Goods supplied for the purpose of conducting the necessary civil engineering works to develop the building, including:
 - a) Sewage systems.
 - b) Pipes.
 - c) Roads and pathways required to use and benefit the building.
 - d) Parking lots used by the building's occupants and visitors.
 5. Goods supplied to supply the building with water and communication services
 6. Photovoltaic cells and other devices designed for use in the generation of power and hot water for the building.
- F. The supply of goods provided in connection with the construction of new buildings shall not include the supply of equipment and machines that are not permanently installed as part of the building and that can be removed without causing damage to the building or equipment or machines, including:
1. Furniture not fixed to the building.
 2. Goods used for landscaping purposes.
 3. Swimming pools.
 4. Decorative lighting.
 5. Paintings, murals and other artworks.
 6. Carpets.
 7. Wall partitions.
- G. A Taxable Person who supplies services subject to tax at zero rate and other works subject to a different tax treatment in the course of performing a given contract shall divide the contract price to determine the value of each part of the contract that is subject to a different tax treatment, provided that it shall not be less than the fair market value of the supplied goods and services.
- H. The zero rate shall not apply to goods and services supplied after construction is completed.

Article 77: Education services and related goods and services

- A. The tax shall apply at zero rate to the supply of education services and related goods and services for nurseries, pre-primary education, primary education, secondary education and higher education
- B. The supply of education services and related goods and services shall be considered as subject to tax at zero rate if they were provided by a school or an educational institution licensed by the competent entity in the Kingdom and offered to students who joined such school or educational institution.
- C. Education services shall not include the following:
1. Professional qualification.
 2. Vocational training, unless such training is provided by a polytechnic college licensed by the competent entity in the Kingdom.
- D. The goods and services related to education services shall include goods and services related directly to the supply of mandatory education services, including the following:
1. Subscription fees, application fees or any type of administrative fees.
 2. Printed and digital course materials related directly to the curriculum.
 3. Students' accommodation provided by the educational institution to the registered students, provided that such accommodation was built or adapted specifically to be used by students.
 4. Activities and trips organized by the educational institution for the students, if directly related to the specified curriculum.
- E. The following goods and services shall not be considered as related to education services:
1. School uniforms.
 2. Food and beverages provided by the educational institution.

3. Stationery.
4. Activities and trips organized by educational institutions for recreational purposes.
5. Electronic devices supplied by an educational institution.

Article 78: Local Transport

- A. The tax shall apply at zero rate to the supply of transport services of goods and passengers by land, sea or air from one place to another inside the Kingdom.
- B. The tax at zero rate shall not apply to the following:
 1. Transport services provided by a person who does not meet the regulatory requirements or who is not licensed by the competent entities to provide such services.
 2. Car rental without a driver.
 3. Transport services for sightseeing or recreational purposes.
 4. Food delivery services provided by the person supplying the food.
 5. Transport services for the basic supply of goods or services taxable at the standard rate, and not priced separately from the supply of the goods.

Article 79: Oil, Oil Derivatives and Gas

- A. The tax at zero rate shall apply to the following:
 1. Import and supply of processed or unprocessed oil, gas and other hydrocarbons.
 2. Granting the right to use, explore or exploit any part in the Kingdom to search for, extract or produce oil, gas or other hydrocarbons.
 3. Supply of oil and gas exploration services.
 4. Supply of services related to oil and gas fields, including design, drilling, installation of drilling rigs, extraction, recovery, separation, evaluation, feasibility analysis, tests, seismic surveys, repair and maintenance services.
 5. Supply of specialized professional services, when such services are necessary for the exploration or exploitation of actual and potential oil and gas sites.
 6. Supply of oil refining or gas processing services, including reconversion to liquefied natural gas.
 7. Distribution or transport of oil, gas or other hydrocarbons.
 8. Storage of oil, gas or other hydrocarbons
 9. Import or supply of consumables used directly and exclusively for the purpose of carrying out the supply stated in Subparagraphs (1) to (8) of Paragraph (A) of this Article.
 10. Import, purchase or rental of equipment used directly and exclusively for the purpose of carrying out the supply stated in Subparagraphs (1) to (8) of Paragraph (A) of this Article.
- B. The import and supply of goods produced from oil, gas or other hydrocarbons, such as fertilizers and plastics, shall not be subject to tax at zero rate.

Article 80: Supply and import of specific food items

The tax at zero rate shall apply to the supply and import of foodstuffs, in accordance with the following conditions:

1. The goods shall not be supplied by a restaurant, café or similar venue.
2. The goods shall not be supplied by caterers.

Chapter 15 - Exemptions

Article 81: Supply of Financial Services

- A. The supply of the financial services specified in Paragraph (B) of this Article shall be exempt from tax except in cases where the consideration payable in respect of the service is by way of an explicit fee, commission or commercial discount.
- B. Financial services refer to services related to monetary transactions including but not limited to the following:
 - 1. Deposit of money in current accounts or savings account or deposits
 - 2. Provision and transfer of loans, advances and credits
 - 3. Issue or cancellation of cheques, debit cards and credit cards
 - 4. Issue, transfer, receipt or transacting in money, financial bond, banknotes or money orders
 - 5. Supply or issue of financial derivatives, futures or the related arrangements
 - 6. Supply or issue of shares, stock, bonds and securities related to it
 - 7. Transactions related to automated teller machines except the supply, assembly, maintenance of such machines or the supply of the operating system for them
 - 8. Currency conversion performed through the exchange of bank notes or any other related substance
 - 9. Supply or transfer of financial instruments, debentures, swaps, options or any other future contracts.
 - 10. Issue, assignment, renewal, amendment, lease or transfer of ownership of debentures or securities (listed or non-listed), or credit contracts or the likes
 - 11. Provision or transfer of ownership of a life insurance or life reinsurance contract
 - 12. Provision of an insurance cover or annual instalments under any investment scheme
 - 13. Provision, acquisition, amendment or cancellation of a guarantee, compensation or insurance that is related to the performance of obligations via a cheque, guarantee, security, debt or the like
 - 14. Any Islamic finance products provided under Sharia'a approved contracts that have the same intended objective of the conventional financial products and substantially achieves the same effects
 - 15. Commission on brokerage services or under a Mudaraba or agency contracts
- C. The following financial services shall be exempt, regardless of the form of Consideration due thereon:
 - 1. Issue, allotment and transfer of ownership of securities and debentures
 - 2. Inception and transfer of ownership of life insurance and life reinsurance contracts
- D. The services provided by investment funds shall be exempt whenever they are related to transactions of supply or issuance of financial derivatives or futures, or the transaction of supply and issuance of shares, stock, bonds and securities related to them and the related arrangements
- E. Islamic finance products related to the provision of financial services under Sharia'a compliant written contract and which simulate the intention and achieve effectively the same result as non-Islamic financial services will be treated in the same manner as the equivalent non-Islamic financial for the purpose of applying exemption from tax.
- F. The provisions of this article shall be without prejudice to the provisions of Article (7) of the first paragraph of Article (53) of the law in regard to the treatment of supply of financial services from a taxable person in the Kingdom to a customer who is non-resident of the implementing states and benefiting from the services outside the implementing states territory.

Article 82: Sale and lease of real estate

- A. The following activities, for the purposes of implementing the provisions of Article (55) of the Law, shall not be considered as sale or lease of real estate:
 - 1. Accommodation at hotels
 - 2. Supply of car parking for consideration in accordance with the duration of use provided that the period of use does not exceed one month
 - 3. Lease of serviced office space where the customer does not have the right to use the designated space on an exclusive basis
 - 4. Rental of a function room, hall or similar facility
 - 5. Management services, utilities, telecommunications, internet and television charged for separately and in addition to the rent
- B. For the purpose of Article (55) of the law, furniture, fittings, plant and apparatus which are not attached to land or building and which can be removed without damaging the property.
- C. If the residential real estate leased is furnished or semi-furnished, the full consideration for the lease is treated as a consideration for the supply of real estate provided that there are no separate fees are charged for the use or lease of furniture, fixtures or equipment.

Article 83: Imports exempt from tax

Exemption from tax shall apply to the import of goods exempt from customs duties in accordance with the rules and conditions prescribed in the Customs Law, as follows:

- 1. Import of personal luggage and household appliances used by citizens residing abroad and foreigners coming to reside in the Kingdom for the first time, provided that the personal luggage or household appliances:
 - a) Accompany the person coming to the Kingdom are part of his property and are not goods intended for trade.
 - b) Are for personal or household use such as furniture or used household appliances.
- 2. Import of gifts accompanying travellers
- 3. Import of goods returned to the Kingdom after export. The importer must submit documents and information proving explicitly that such goods have been exported overseas after the implementation of the law

Article 84: Diplomatic and military exemptions

- A. Exemption from tax shall apply, in accordance with the rules and conditions prescribed in the Customs Law, to the goods imported by military forces and internal security forces operating in the Kingdom provided that they are used for the purpose of performing their tasks, and to the goods imported by diplomatic bodies, consulates, international organisations and officials of diplomatic and consular bodies in the Kingdom in accordance with reciprocity principle and the international conventions and treaties.
- B. Notwithstanding the provisions of the preceding paragraph in this article, the supply of exempted goods shall be taxable when resold or disposed in the Kingdom.

Article 85: Supplies to people with special needs

- A. Exemption from tax shall apply, in accordance with the rules and conditions prescribed in the Customs Law, shall apply to imports of supplies and equipment used by people with special needs.
- B. The importer must submit all the information and documents necessary to prove that the conditions set in paragraph (a) of this article are met, provided that such documents are issued or certified by the competent authorities in the Kingdom.

Chapter 16 - Tax Refund

Article 86: Tax refund by the taxable person

- A. A Taxable Person may claim a tax refund, in the following cases:
 - 1. where there is surplus net deductible tax in the tax return pursuant to the provision of the law and these regulations, a taxable person may carry forward this surplus in his account to the subsequent tax period.
 - 2. Where the taxable person makes an overpayment on the net tax due
 - 3. Where there is net refundable tax in the case of deregistration of the taxable person and if the Bureau approves such deregistration
- B. The Bureau may offset the net surplus tax against any taxes, administrative fines due on the taxable person in accordance with the provisions of the law or any other tax law until the exhaustion of the surplus
- C. A taxable person may request a tax refund from the Bureau in the cases specified in paragraph (a) of this article within 5 years from the end of the year in which the case occurs.
- D. The Bureau shall review the request within 60 days subject to renewal for a similar period from the date on which all the requested information has been fulfilled, and the Bureau may audit and review the accounts of the taxable person to validate the refund request and shall notify the applicant of its decision in this regard whether acceptance or refusal.
- E. Where the Bureau approves refund request, the Bureau shall return the refundable amount by way of a bank transfer to the refund applicant's bank account within 30 days from the date of approval of the request

Article 87: Refund of tax paid by individuals in Implementing States

- A. The Bureau may request a refund from any implementing state for tax paid by individuals on goods acquired by them, considering the following:
 - 1. The individuals must be a resident in the Kingdom and not registered for tax purposes in the Kingdom.
 - 2. The acquired goods are admitted from the Implementing State in to the Kingdom.
 - 3. The value of the acquired goods exceeds 1000 dinars.
- B. The tax shall be adjusted in accordance to the electronic transfer mechanism of customs duties applied within the framework of the GCC Customs Union or any other mechanism agreed upon between member states.
- C. When the proof of payment of the tax in the other member state is not submitted, the Bureau shall have the right to impose the tax on such goods upon their entry into the Kingdom.

Article 88: Tax refund for foreign governments, international organizations, and diplomatic, consular and military bodies and missions

- A. The Bureau may refund the tax paid on the supply of goods and services to foreign governments, international organizations, and diplomatic, consular and military bodies and missions in the Kingdom, in accordance to the principle of reciprocity or international conventions and treaties.
- B. The refund application shall be submitted using the form prescribed for this purpose by the Bureau.
- C. The Bureau may request copies of tax invoices or any other additional information to verify the validity of the refund application, and the applicant must submit the required information within 30 days from the date of submission of the refund application.
In all cases, no refund application shall be submitted for a tax amount of less than 100 dinars.
- D. The Bureau shall take a decision on the refund application within 60 days from the date of submission of the application and after verification of the validity of the application and shall notify the applicant of its decision to approve or refuse the application.
- E. Upon approval of the refund application, the Bureau shall refund the amount requested in the refund application by way of bank transfer to the applicant's bank account within 30 days from the date of approval of the refund application.

Article 89: Tax refund for tourists

- A. In accordance with the mechanism determined, the Bureau may allow tourists to apply for a refund of tax paid inside the Kingdom on the goods transported outside the territory of the Implementing States, if the following conditions are met:
 - 1. The goods are supplied when the tourist is present inside the Kingdom
 - 2. The goods are obtained for personal use purposes
 - 3. The goods are supplied by a supplier approved for this purpose, the Bureau shall issue a list of the names of all approved suppliers for the implementation of the refund scheme.
 - 4. The tourist must leave the Kingdom within two months from the date of supply with the purchased goods.
- B. The tourist tax refund application must include the following:
 - 1. Proof of payment of tax, such as tax invoice or any similar document as specified by the Law and these Regulations.
 - 2. Description of the goods purchased in the Kingdom for which the refund application is being submitted
 - 3. Copy of passport and travel ticket.

Article 90: Tax refund for non-resident persons

- A. The Bureau may refund the tax paid by non-resident persons in the Kingdom based on an application submitted using the form prescribed for this purpose, this shall apply to the following persons:
 - 1. Taxable Person residing in an Implementing State.
 - 2. Non-resident of any Implementing State, if the following conditions are met:
 - a) Not supplying goods or services creating an obligation to pay tax in the Kingdom or any Implementing State during the period of the refund application

- b) The non-resident is registered for Value Added Tax purposes or any other similar tax in their country of residence
- c) The tax incurred by the non-resident person is for the purposes of his economic activity
- B. The refund application accompanied by all the supporting documents shall be submitted within three months from the end of the year during which the tax is due.
- C. The Bureau shall review the refund application and notify the applicant of the decision to approve or refuse the application within three months from the date of submission of the application.
- D. The Bureau shall pay the amounts approved for refund in accordance with the mechanism specified by the Bureau, subject to the agreed upon mechanism implemented between the concerned States for the procedure of refund applications submitted by Taxable Persons residing in any of the other Implementing States.
- E. The refund application must include - at minimum - the following information:
 - 1. Name and address of the refund applicant.
 - 2. Description of applicant activities.
 - 3. Registration details of the refund applicant at the competent authority in his country of residence.
 - 4. Reasons for incurring the expenses for which the refund application is submitted in the Kingdom.
 - 5. Description of the expenses for which the tax refund is requested.

Chapter 17 - Judicial obligations

Article 91: Powers of judicial officers

In order to perform their duties, set in article (59) of the law, judicial officers may take the following actions:

- 1. Enter the workplace of a taxable person or any other place of his business including factories, warehouses, stores, wholesale stores, retail stores, establishments and vessels for tax inspection and control purposes and they may request assistance from security officers, if necessary.
- 2. Enter any means of transport used for the transport of the taxable goods.
- 3. Review books and records and examine documents and other files (printed or electronic), request copies of it, obtain necessary information for the tax control purposes and verify compliance of a taxable person.
- 4. Obtain or request a sample of any goods present in any means of transport or place used for the possession or transport of taxable goods.
- 5. Take all measures to gather necessary evidence to examine the registrant's compliance with the provisions of the Law and Regulations including the interrogation of any person deemed relevant to any violation related to the implementation of the provisions of the Law and Regulations.
- 6. Control penalties and prepare necessary proceedings in presence of the registrant or his representative when possible, the actions may be taken in absence of the registrant or his representative provided that he is notified subsequently of the actions taken in his absence
- 7. The note of proceedings shall include the actions taken and the following – in particular:
 - i. Date, time and place of opening and closing the proceedings
 - ii. Name and title of the proceedings officer and particulars of the assignment order to perform the task
 - iii. Name and title of the person against which the actions were taken - whether the registrant or its representative, if any.
 - iv. Result of inspection of the place where the goods are stored or where the taxable service is provided.

- v. Documents indicating the sales price, quantity and sources of the goods.
- vi. Description of the violation.
- vii. actions taken by the judicial officers
- viii. Signature of the registrant or representative or proof of abstention from signature, if present.

Chapter 18 - Estimation of net tax

Article 92: Decision of estimation of net tax

- A. The Bureau shall issue its decision of estimation of the net tax if it is proved to it that the tax was not properly accounted for by the Taxable Person, the decision of tax estimation and reassessment shall include at least the following:
 1. Reasons for estimation, incidents, information and legal basis for assessment
 2. Value of net tax and the tax difference due
 3. The date of payment of due tax after the Bureau's estimation
- B. The Bureau shall notify the Taxable Person of its decision issued in relation to the estimation of the net tax value specifying the date on which the tax must be paid.

Article 93: Re-estimation of the net tax for periods already examined

The Bureau may not examine nor re-estimate the net tax related to a tax period that has been already examined except on discovery of new information that was not available during the time of the previous examination and estimation, and which demands re-estimation.

Article 94: Means of notifying the Taxable Person of tax decisions

- A. The Bureau shall notify the Taxable Person of the decisions issued by it that are related to his tax affairs using one of the following means:
 1. Mail to the address registered with the Bureau
 2. Email address registered with the Bureau
 3. Any other means specified by the Bureau
- B. The address for sending notifications to the taxable person shall be determined as the place of business, place of residence or any place registered as an address for him at the Bureau
- C. If the taxable person has appointed a tax representative or a tax agent, a copy of the notification shall be sent to the tax representative or tax agent.
- D. The date of receipt of the notification shall be considered as the date of notification from the Bureau to the taxable person or his tax representative.

Chapter 19 - General Provisions

Article 95: Committee for examining tax grievances and objections

- A. The Committee for Examination of Tax Grievances and Objections shall select at its first meeting, from among its members, a vice president to replace the President in case of absence or impediment. The secretariat of the Committee shall be assigned to an employee appointed by the Bureau for such purpose. He shall coordinate with the concerned departments at the Bureau to prepare for the Committee's meetings, coordinate among its members and prepare the minutes of meeting.

- B. The president or vice president of the Committee shall refrain from attending sessions where an objection or grievance is filed by a relative of kinship up to the fourth degree to them is being examined. The Bureau's chief executive shall select a person to replace the person who was compelled to recuse himself. If the quorum is not met without such person, the Committee shall convene without him.
 - C. The Committee shall notify the applicant who filed the grievance or objection of the date of the session specified to examine the grievance or objection, at least 10 days before the date through the methods prescribed by the Law, and may request the applicant to submit all statements or documents deemed necessary and the applicant shall appear before the Committee himself or through an agent, alternatively the Committee shall start the procedures in his absence based on the documents made available to it.
 - D. The sessions of the Committee shall be confidential and its meetings shall be held upon a call to convene issued by the president or vice president, the meetings shall only be considered valid unless the majority of its members are present including the president or vice president. The Committee shall issue its recommendations based on the majority of votes of the members present. In case of a tie, the President shall have the casting vote.
 - E. The Committee in its meetings may use experts and specialists from the Ministry of Finance and National Economy, the Bureau or any other government entity that it deems appropriate without having a counted vote in the deliberations.
 - F. The acceptance of the grievance or objection filed by the Taxable Person before the Committee for Examination of Tax Grievances and Objections according to the terms and conditions stated in Article (66) of the Law shall be subject to the following:
 - 1. Payment of the due tax in case the objection is related to a tax procedure that was not acceptable by him.
 - 2. Payment of the administrative fine in case the grievance is related to the decision of imposing an administrative fine.
 - 3. Payment of prescribed fees.
 - G. The objection or grievance shall contain at least the following information:
 - 1. Name of the person filing the objection or grievance, address of his place of business or postal address and tax registration number
 - 2. Summary of the application and reasons of the objection or grievance and the legal basis.
 - 3. Tax period relating to the objection or grievance.
 - 4. Documents and statements and other information supporting the objection or grievance.
 - 5. E-mail address with the tax representative or tax agent of the person filing the objection or grievance, if any.
 - H. The Committee shall keep the following records:
 - 1. Record of tax objections and grievances containing the tax objections and grievances according to the date of receipt by the Committee, along with the details of each objection or grievance.
 - 2. Record of the sessions containing the tax objections and grievances presented to the Committee in each session and the decisions and recommendations the committee has taken in each.
 - 3. Any other records required by the nature of work of the Committee.
- The records shall be prepared by the technical secretariat of the Committee.

Article 96: Appointment of tax representative

- A. A non-resident person obligated to register in the Kingdom may appoint a tax representative authorized by the Bureau through an application to be submitted to the Bureau using the form prescribed for this purpose. The tax representative must meet the conditions prescribed in Article (98) of these Regulations and the Bureau shall review the appointment application within 30 days from the date of submission.
- B. The tax representative and the taxable person shall be jointly liable for all the tax obligations of the taxable person and the tax representative shall replace the taxable person for his relationship with the Bureau from the date of approval of the Bureau of his appointment as a tax representative.
- C. The Bureau has the right to pursue the tax representative legally to collect the tax due from the non-resident person.
- D. On termination of the tax representation due to the cessation of the business of the non-resident person inside the Kingdom, the appointment of another tax representative, the expiry of the representation period or due to any other reason, the tax representative shall remain bound by the obligations stated in the Law concerning the transactions carried out during the period of his legal representation until the expiry date of the representation.

Article 97: Appointment of tax agent

- A. A resident Taxable Person may appoint a tax agent authorized by the Bureau to act in his name and on his behalf in regards to his tax affairs. The tax agent or the Taxable Person (principal) shall notify the Bureau of the appointment within 30 days from the date of appointment.
- B. The Taxable Person (principal) shall be personally liable before the Bureau for all his tax obligations despite appointing a tax agent.

Article 98: Conditions for appointment of tax representative and tax agent

- A. The following conditions must be satisfied by the applicant for a authorisation of tax representative or tax agent:
 - 1. Be a resident in the Kingdom.
 - 2. Is of good conduct and reputation and not previously convicted with a penalty restricting freedom in a crime involving disrespect or dishonesty unless he has been rehabilitated.
 - 3. Holds at least a relevant university degree or a professional accounting or legal certificate certified and approved by the Ministry of Education, in the cases where the applicant is a natural person.
 - 4. Conduct his business under an active commercial registration, in the cases where the license applicant is a legal person.
 - 5. Paid the prescribed fee to the Bureau.
 - 6. Is appointed by an official power of attorney to act on behalf in all the tax obligations in the Kingdom.
- B. The tax representative and tax agent must:
 - 1. Maintain the confidentiality of the information received from the Taxable Person
 - 2. Not planning or participating in acts violating the Law or these Regulations.
- C. If the Bureau accepts to authorize the tax representative, he shall be granted a special tax registration number as a tax representative different to his own tax registration number as a Taxable Person. If the

Bureau refuses the application, it shall notify the applicant of the refusal of his application including the reasons of refusal.

- D. A taxable Person shall notify the Bureau of the dismissal or cessation of the tax agent or representative relationship within 30 days from the date of dismissal or cessation, the Bureau shall cease to deal with the tax agent or tax representative accordingly and the tax agent or tax representative shall notify the Bureau of the suspension of his agency or representation.

Article 99: Joint Liability

- A. In the case of change in the legal form of the legal person, the new legal person shall substitute the former legal person in all his previous rights and obligations and new obligations towards the Bureau including the obligation to pay the tax due and any administrative fines due.
Where the legal person is replaced by more than one legal person, all legal persons shall be considered jointly liable for the payment of the tax due and administrative fines.
- B. Notwithstanding the provisions of Article (11) of the Law, in case of surrender of business by the taxable person to another person, both parties will be considered jointly liable for the payment of the tax due and any administrative fines due during the year in which the surrender occurred and any imprescriptible amounts due from the previous years.
- C. The joint partners shall be jointly liable for the tax and administrative fines due as well as other obligations imposed on the company.

Article 100: Confidentiality

- A. The Bureau's staff and persons responsible for enforcing the provisions of the Law and these Regulations undertake not to disclose any information that they have received or became aware of due to their positions, during or after their service, except in the following cases:
1. The disclosure request is issued by a court order or in accordance to the provisions of the Law or these Regulations or any other law in effect in the Kingdom.
 2. Disclosure to another employee at the Bureau in his official capacity, to a government entity in the Kingdom, to a court or tax authority in a foreign country in accordance to an agreement signed by the Kingdom.
 3. Issuance of a written approval from the Taxable Person authorizing disclosure.
- B. The Bureau's staff must comply with the following issues:
1. Disclose only the necessary information for the purpose of the disclosure.
 2. Ensure that documents are repossessed from the public authorities in the Kingdom within a suitable time period.
- C. The Bureau's staff may not conduct or participate in any tax procedures related to the Taxable Person in the following cases:
1. Presence of kinship up to the fourth degree between the employee and the Taxable Person.
 2. Presence of association or common interest between the employee and the Taxable Person or any of his relatives up to the fourth degree.

Article 101: Recording and keeping records and accounting books

- A. A Taxable Person must maintain and keep records and accounting books for tax purposes, these include:

1. Accounting books related to the activities of the Taxable Person (all transactions listed by chronological and serial order).
 2. The budget and profit and loss statements.
 3. Salaries and wages records.
 4. Fixed asset records.
 5. Stocktakes and records (including quantities and values) at the end of any relevant tax period.
 6. Copy of tax invoices and credit notes and debit notes issued by the Taxable Person as well as original tax invoices received by the taxable person.
 7. All customs documents related to import and export transactions carried out by the Taxable Person.
 8. Additional records specified by the Bureau.
- B. A Taxable Person must keep his records and accounting books in a safe way to avoid their destruction and ensure they are legible and reviewable
- C. The tax representative must keep the records prescribed in Paragraph (A) of this Article.
- D. The tax agent may keep the records prescribed in Paragraph (A) of this Article.
- E. The Bureau may request the Taxable Person to record and maintain additional records specified in a notification sent to the Taxable Person, if deemed necessary.

Article 102: Recording and keeping records and accounting books electronically

- A. A Taxable Person may keep the records and accounting books electronically provided that the following conditions are met:
1. Ease of access and extraction of the records and accounting books from the electronic computer system when the Bureau requests
 2. Possibility of maintenance of documents and other files supporting the records and accounting books electronically or in paper format
 3. Maintenance of records and accounting books in a secure method where they cannot be altered or manipulated.
- B. The Bureau may review the electronic system used by the Taxable Person to ensure the adequacy for implementing the provisions of Law and these Regulations.

Article 103: Time period for keeping records and accounting books

- A. A Taxable Person must keep all records and accounting books for a period of 5 years from the end of the tax period to which they relate.
- B. Records related to capital assets must be kept and maintained for a period of 5 years from the end of the tax period when the adjustment period related to the capital assets ends.
- C. Records related to real estate must be kept and maintained for a period of 15 years from the end of the tax period to which they relate.
- D. The Bureau may notify the Taxable Person of the need to keep the records for an additional period not exceeding five years before the end of the periods stipulated in this Article.
- E. In case the person is no longer a Taxable Person due to transfer of ownership of the economic activity to another party or due to merger with another party, he remains obligated to keep the records related to the period preceding the transfer of ownership or merger in accordance to the periods stipulated in this Article.

- F. If the Taxable Person become insolvent or bankrupt, his legal representative must keep his records for a period of no less than 12 months from the conclusion of the insolvency or bankruptcy procedures.

Article 104: Recording and keeping of records and accounting books by third parties

A Taxable Person may appoint a third party to record and keep the records and accounting books in accordance with the provisions of the Law and these Regulations, and in all cases the Taxable Person shall be responsible for such records.

Article 105: Language of records and accounting books

Records and accounting books as well as other documents that must be kept and recorded in accordance with the provision of the Law and these Regulations may be kept in Arabic or English.

Article 106: Calculation of time limits

- A. The Taxable Person must submit his tax returns and pay the due tax to the Bureau and must initiate requests and tax procedures within the legal time limits specified in the Law and these Regulations.
- B. When calculating time limits, the date of notification shall not be included within the time limit
- C. If the last day of the time limit falls on an official holiday, the period shall be extended to the next working day.
- D. The Gregorian calendar is the calendar used for all the timelines stipulated in the Law and these Regulations.

Chapter 20 - Transitional provisions

Article 107: Supplies subject to tax after the commencement of the Law

- A. Tax shall be due on supplies of goods and services and on import of goods made from the date of the implementation of the law.
- B. For the purpose of applying Article (75) of the law, the date of a supply occurs on or after the commencement date of the Law if any of the following cases occurred on or after the commencement date of the law:
 - 1. Transport of good commences, if such transport was without the supervision of the supplier.
 - 2. Goods were placed at the customer's disposal.
 - 3. Installation or assembly of the goods was completed, for goods supplied with installation or assembly.
 - 4. Performance of the service was completed.

Article 108: Contracts exclusive of tax entered into prior to the commencement of the law

For the purposes of implementing Article (76) of the law, Consideration shall be considered inclusive of tax and tax shall be calculated according to the following equation:

$$\text{Tax} = \text{Consideration} * (\text{tax rate}) / (100\% + \text{tax rate})$$

Article 109: Tax period durations during the transitional period

Notwithstanding the provisions of Paragraph (A) of Article (48) of these Regulations, during the transitional phase and for the purpose of implementing the provisions of the Law during the first year starting on the 1st of January 2019 and ending on the 31st of December 2019, the tax periods shall be as follows:

- A. For taxable Persons whose registration is effective on the date of commencement of the Law and whose annual supplies exceed 5 million dinars, all their tax periods shall be calculated based on a Gregorian calendar quarter starting on the 1st of January 2019.
- B. For taxable persons whose registration is effective on the date of commencement on the law and whose annual supplies are not below the voluntary registration threshold but does not exceed 5 million dinars, the tax periods shall be as follows:
 - 1. From 1 January 2019 to 30 June 2019
 - 2. From 1 July 2019 to 30 September 2019
 - 3. From 1 October 2019 to 31 December 2019
- C. For Taxable persons whose registration is effective after the date of commencement of the Law and before 1 July 2019, the first tax period shall commence on the date of registration and end on 30 June 2019 regardless of the value of their annual supplies, and their subsequent tax periods in 2019 shall be as follows:
 - 1. From 1 July 2019 to 30 September 2019
 - 2. From 1 October 2019 to 31 December 2019
- D. For Taxable Persons whose registration is effective on or after 1 July 2019 and before 1 October 2019, their first tax period shall commence on the date of registration and end on the 30 September 2019 regardless of the value of their annual supplies, their subsequent tax periods in 2019 shall be from the 1 October 2019 until the 31 December 2019.
- E. For Taxable Persons whose registration is effective on or after 1 October 2019 and before 31 December 2019, their first tax period shall commence on the date of their registration and end on 31 December 2019, regardless of the value of their annual supplies.

Article 110: Payment of tax due on imports during the transitional period

The tax due on imports of goods in to the Kingdom during the transitional period in the first year from the commencement of the Law, starting on the 1 January 2019 and ending on the 31 December 2019 shall be treated in accordance with the procedures, systems and conditions set by the Bureau.

Article 111: Treatment of non-implementing states

The Bureau shall announce the treatment of any GCC member state as an Implementing State for tax purposes, if no announcement has been issued by the Bureau the member State shall be treated as a state outside the territory of GCC for the purpose of implementing the tax.

Chapter 21 - Final Provisions

Article 112: Exceptions to applicable provisions

The provisions of chapters 17, 18, 19 and 20 of these Regulations shall not apply to military forces and the security agencies operating in the Kingdom, notwithstanding any other provisions of these Regulations concerning the confidentiality requirements of the affairs of the abovementioned agencies.

Article 113: Delegation of authorization

The Bureau's chief executive shall be delegated to impose decisions of administrative fines, file criminal proceedings for tax evasion crimes pursuant to Article (63) of the Law and reconciliation in regard to such crimes.

Article 114: Explanatory guides and tax guidelines

The Bureau's chief executive shall issue explanatory guides, guidelines and necessary explanations to implement the provisions of the Law and its executive Regulations, and the Bureau shall comply with them, and the Taxable Person may use them as a guide and reference for implementation.