

# Newsletter

February 2021

**keypoint**



Happy New Year to all our readers. We are excited to be facing up to the challenges of the upcoming 12 months and are confident that 2021 will be a better year than 2020 was! We had a good response to our last bumper issue of the Keypoint newsletter and hope that this edition is equally enlightening.

Highlights this time around include:

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## Upcoming webinars

The end of IBOR - Implications for the financial sector

8 February 2021 - closed

## TaxMatters6

8 February 2021 – Open for registration

For more details on any of our market-leading webinars, please contact [Fatema Ghaith](#).

## Keypoint hosts webinar on financial risk for leading conventional bank in Bahrain

As part of its commitment to shaping and sharing leading practice with Bahrain's business community, Najeeb Razzaque, an executive manager in our financial regulatory compliance (FRC) function teamed up with a local subject matter expert, Asad Jafree, to lead a discussion on risk and financial services for one of Bahrain's leading financial institutions. "Recent financial crises, when added to the current pandemic and its dampening of economic growth, have significantly increased the risks banks are exposed to, significantly increasing the importance of financial risk management," explains Najeeb. The interactive webinar, which was attended by over 100 of the bank's employees, focused on credit risk management and its impact on bottom lines; risk appetites; scenario analysis and risk triggers; recovery and resolution plans; and how to align capital, liquidity and reputational risk matters to ensure bank stability.

For more information on risk across the financial services industry, please contact [Najeeb Razzaque](#).

For more information on our webinars, please contact [Fatema Ghaith](#).

## ScamAlert service launched

With nearly 60% of the world's population now using the internet and users spending nearly as much time online as they do asleep, the importance of businesses having a digital presence is greater than it has ever been. Unfortunately, the risks associated with being online have also increased. As a result, our IT consulting function has developed a rapid scamAlert response, using its deep knowledge of local and regional threat levels and its market-leading information security expertise. Srikanth Ranganathan, who leads our IT consulting practice, says: "We know – both from personal experience and from what we are hearing from clients – that threat levels are increasing. Scams can be directed at both individuals and businesses. We believe that our occasional scamAlerts are an important awareness creation mechanism to alert the end consumers and guide the response to scammers, hackers and other malicious actors." Our first scamAlert – using WhatsApp one-time passwords – can be found [here](#).

For more information on our IT security services, please contact [Srikanth Ranganathan](#).

## Oman announces introduction of VAT in 2021

Oman has announced that it will stagger the implementation of VAT, with a VAT registration date for the largest taxpayers (taxable annual supplies in excess of OMR1m) on 16 April 2021. The mandatory registration threshold is OMR38,500 (approximately USD100,000) with a voluntary registration threshold of OMR19,250 (approximately USD50,000).

### Annual supplies threshold $\geq$ OMR1m

Registration period 1 February 2021 - 15 March 2021  
VAT registration date 16 April 2021

### Annual supplies threshold OMR500k-OMR999,999

Registration period 1 April 2021 - 31 May 2021  
VAT registration date 1 July 2021

### Annual supplies threshold OMR250k-OMR499,999

Registration period 1 June 2021 - 31 August 2021  
VAT registration date 1 October 2021

### Annual supplies threshold OMR38,500-OMR249,999

Registration period 1 December 2021 - 28 February 2022  
VAT registration date 1 April 2022

The Oman tax authority is expected to release more guidance as it works its way towards VAT implementation. For more information on VAT in Oman, please contact [Mark Gamble](#) or see our [VAT brief](#).

## MOICT extends directors' terms

Ministerial order 26 of 2020 allowed companies to hold general meetings over the phone or by using an electronic means of communication, even if not specifically mentioned in their memorandum or articles of association. Where secret polling is required (as it is for the election of directors), the order - initially valid until for three months but then extended until 8 September 2020 - ruled out both telephonic and electronic means. Where directors' terms were due to expire but secret polling wasn't possible, an extension from the Ministry of Industry, Commerce and Tourism (MOICT) could be requested. Resolution 87 of 2020 - released on 13 September 2020 - automatically extends the terms of directors of public and closed joint stock companies until the next general assembly.

Equally, meetings can be convened by either electronic or telephonic means until special arrangements are no longer necessary.

For more details on how this change could impact your board, please contact [Mohammed Ashraf](#).

## Mohammed Ashraf updates BCICAI on changes to the BCCL

Following significant changes to the Bahrain Commercial Companies Law (BCCL), Mohammed Ashraf, the head of our statutory and corporate advisory (SCA) function, was asked to brief one of Bahrain's leading professional associations, the Bahrain Chapter of the Institute of Chartered Accountants of India (BCICAI), over a two-hour virtual conference. "The BCCL has seen a number of amendments since it was first introduced and the raft of changes introduced in October 2020 are among the most significant, with an entire business category (single person companies) abolished; the introduction of employee incentive schemes; the ability to convert loan bonds and debts to capital; the acceptance of in-kind capital contributions; the waiving of pre-emption rights where shares are issued for employee incentive programmes, to admit a strategic partner or to convert debt to capital; and the ability to establish not-for-profit companies (although the purpose of each NFP must be stipulated)," says Mohammed.

The most significant change for many business owners and investors will be the removal of single person companies (S.P.C.s). All S.P.C.s have been automatically converted to limited liability companies (W.L.L.s) owned by a single promoter. To limit the impact on S.P.C.s, certain aspects of W.L.L.s - such as the minimum nominal share value, the number of shareholders and the types of constitutional documents required - have also changed. The Ministry of Industry, Commerce and Tourism (MOICT) has automatically adjusted legal forms and commercial names of S.P.C.s on Sijilat - its online portal - to W.L.L.

For more information on changes to the BCCL, please see our briefs in [English](#) and [Arabic](#) or contact [Mohammed Ashraf](#).



## Keypoint hosts tax refresher and PDPL update for Flat6

Flat6Labs is a regional start-up accelerator that fosters and invests in entrepreneurs with cutting-edge ideas, providing seed funding, strategic mentorship, a creative workspace, entrepreneurship-focused business training and support through an expansive network of partners, mentors and investors. As part of our ongoing support for Bahrain's businesses, Mark Gamble and Reem Ebrahim (from Keypoint's tax practice) and Omar Rayan (from our data protection practice) hosted interactive workshops on Bahrain's emerging tax landscape (with a particular focus on VAT and economic substance requirements) and Bahrain's personal data protection law, which could have particular ramifications for data-driven applications.

"We were delighted to be asked to present to Flat6's incoming cycle of exciting innovators," says Mark, "and it was exciting to be interacting with some of the region's up and coming talent. Tax is going to be a reality for all of these businesses – and it was important for them to understand how and why it might impact them now – rather than having to make changes to their businesses later."

For more details on how start-ups can benefit from advanced tax planning, please contact [Mark Gamble](#).

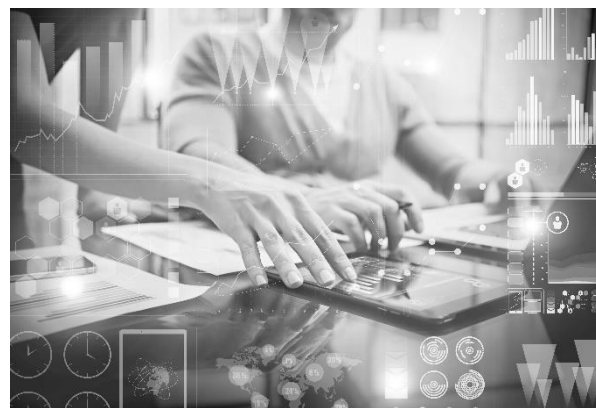
## PULSE: Employee engagement and rewards strategies post-COVID-19

Working closely with Keypoint's business development function, the human capital team hosted two more of its PULSE (prepare, understand, learn, share and engage) webinars in the last quarter of 2020, examining the impact of COVID-19 on both employee engagement and rewards strategies. Joined by key HR heads from across the region representing a number of different industry sectors, leading practice identified during the webinar was shared with the invited audience.

For more details on our PULSE webinars, please contact [Arpita Mhatre](#).

## Bahrain's COVID-19 vaccination programme surges ahead

With COVID-19 continuing to negatively impact global economic activity, Bahrain's government has launched an impressive, entirely free of charge vaccination programme to protect its nationals and residents, with almost 200,000 vaccinations delivered as at the time of drafting this newsletter. Bahrain is ranked fourth in the world, according to the UK's The Times newspaper, with roughly 10% of the country's population vaccinated. "As a country, we are incredibly lucky to have the vaccine so soon and to have a choice between three vaccines – Sinopharm, AstraZeneca (through the generosity of the Indian government) and Pfizer BioNTech. Our heartfelt thanks to the government of Bahrain," comments our Executive Director, Guruparan Kumarasamy.



## FATF updates its 40 recommendations

An inter-governmental body established in 1989, the Financial Action Task Force (FATF) works to protect the integrity of a financial system threatened by, among other pressures, money laundering and terrorist financing. FATF updated its 40 Recommendations - non-binding guidance that targets specific areas seen as under particular threat - in October 2020, to include how financial institutions and designated non-financial businesses and professions (DNFBPs) deal with customers, rules for providers of virtual assets (VAs) and VA services (VASPs) and national information exchange mechanisms. For more details on how you and your business should respond to the updated FATF40, please contact [Najeeb Razzaque](#).

## Bahrain launches open banking guidelines

Bahrain has positioned itself at the forefront of the region's fintech revolution as the Central Bank of Bahrain's (CBB's) initiatives help ensure a dynamic and pioneering fintech ecosystem, according to Rami Al Jallad, the head of Keypoint's managing consulting function, overtaking economic giants by launching the world's first open banking guidelines that include Islamic finance.

"The Bahrain Open Banking Framework (OBF), launched virtually in October 2020 by the CBB, sets the stage for sharing financial information electronically, securely and as agreed to by customers. It opens the way to new products and services that could make banking both cheaper and more efficient for individuals and businesses," says Rami.

Ancillary services providers wishing to set up an open banking platform need to apply for the account information services provider (AISP) and payment initiation service provider (PISP) licences. Applicants tend to opt for the CBB's sandbox process to fast-track the licensing process.

For more details on Bahrain's open banking guidelines and how Keypoint has helped fintech business to enter – and graduate from – the CBB's sandbox, please contact [Rami Al Jallad](#).

## Bahrain launches NEP v2.0

Bahrain has launched a second version of its national employment programme (NEP), hoping to boost the employment of Bahrainis in the private sector. Employers who offer positions to unemployed Bahrainis registered the Ministry of Labour will benefit from a significant wage subsidy:

- First year  
70% of wages will be covered by the scheme
- Second year  
50% of wages will be covered by the scheme
- Third year  
30% of wages will be covered by the scheme

For more details on NEP v2.0, please contact [Arpita Mhatre](#).

## Tax team launches VAT barometer

With VAT starting to feel like business as usual for key decision makers at many GCC businesses, there couldn't be a better time to launch a VAT survey!

Our Keypoint VAT barometer – which will be repeated periodically – should take no more than five minutes to complete and is completely anonymous. Designed to identify some of VAT's key impacts, answers will help our market-leading VAT team to develop clear insight into the maturing GCC market. Participants will receive a summary of our findings, allowing them to benchmark themselves against the market. To add your data to the barometer, please click [here](#).

## Keypoint's market-leading tax team continues webinar campaigns

Keypoint's tax team continues to host a number of webinars, aimed at both general (such as our ongoing [TaxMatters webinars](#) held on the second Monday of every month) and by invitation only audiences, such as our recent webinar for the Institute of Management Accountants (IMA), a worldwide association of accountants and financial professionals in business. With over 125,000 members globally, the IMA aims to be the leading resource for developing, certifying, connecting, and supporting the world's best accountants and financial professionals in business. The IMA has a thriving practice in the Eastern Province of Saudi Arabia and invited Ali Almohammedali, the managing director of our Saudi affiliate, and four senior members of our tax team – Raman Ohri, Mark Gamble, Adil Fawzi and Dinesh Ravi – to discuss recent developments in Saudi Arabia's tax universe – including transfer pricing and VAT; the assessments and appeals process in Saudi Arabia; and double taxation treaties.

In November, Raman Ohri, the head of our direct tax practice, and members of the Saudi tax team invited a leading subject matter expert on transfer pricing, Shiv Mahalingham, to discuss transfer pricing requirements in Saudi Arabia as part of a webinar on tax for key decision makers in Saudi Arabia. For more details on our market-leading seminars, please contact [Fatema Ghaith](#).

## LMRA resets waiting period for overseas hires

Bahrain's Labour Market Regulatory Authority (LMRA) has extended the waiting period for work visas for non-Bahrain residents to 21 days. Job posts will still be advertised for seven days, allowing applicants from within Bahrain to apply for vacant positions. Work visa applications will only be processed after the 21-day period has expired. For more details on this and other labour market processes, please contact [Arpita Mhatre](#).

## Keypoint MD is featured speaker at Trends in fund structuring webinar

As a director of Keypoint Trust, a CBB-licensed trust services provider, Wajdi Al Jallad was asked to share his expertise on emerging trends on fund structuring and fund domiciliation - and key considerations that should be kept in mind when choosing structures and domiciles - in a webinar co-hosted by Jersey Finance and Towers & Hamlins, a leading UK law firm with a presence across the GCC.

"Bahrain - with its new trust law - is now much more aligned with leading practice," comments Wajdi, "with the concept of protected cell companies (PCCs) now firmly established - even if we have seen one set up in practice. We are seeing the emergence of smaller funds that are deal-specific - larger blind funds are now unusual. PIUs are increasingly common as they have become easier to set up and are subject to lighter regulatory controls. At the same time, across the GCC, central banks' regulations are becoming more stringent, with banks increasingly required to set up funds in domestic jurisdictions. Kuwait, for example, invokes a fee of KD50,000 or 0.25% of subscriptions if a fund set up outside Kuwait is marketed within Kuwait."

For more information of funds, trust and other investment administration advisory, please contact [Nandakumar Narasimhan](#).

## Keypoint acclaims the appointment of His Royal Highness the Crown Prince as Prime Minister of the Kingdom of Bahrain

Following the sad demise of His Royal Highness the Prime Minister, Prince Khalifa bin Salman Al Khalifa, His Royal Highness Prince Salman bin Hamad Al Khalifa was appointed Prime Minister of the Kingdom of Bahrain on 11 November 2020. Wajdi Al Jallad, Keypoint's managing director, acclaimed the appointment of HRH the Crown Prince as Prime Minister by His Majesty King Hamad bin Isa Al Khalifa, saying that the Crown Prince's ongoing promotion of reform and development within the Kingdom, in accordance with the vision of His Majesty King Hamad, was key to the nation's ongoing and sustainable success.

"As a Bahraini-owned, Bahrain-headquartered business, we have a deep connection to this country and are certain that HRH the Crown Prince, Deputy Supreme Commander and Prime Minister will lead the Kingdom forward with his experience, knowledge and wisdom, under the leadership of His Royal Majesty King Hamad bin Isa Al Khalifa and support of all of the people of Bahrain."

## NBR sets rules for VAT agents and VAT representatives

Bahrain's tax authority, the National Bureau for Revenue (NBR) has updated its VAT general guide and set new rules for VAT agents and VAT representatives. As well as setting a registration fee - BHD300 for a period of three years - VAT agents and VAT representatives must be authorised by the NBR. Individuals and businesses wishing to establish themselves as either VAT agents or VAT representatives must be resident in Bahrain, be of good character, hold a relevant qualification and have a valid commercial registration - as well as meeting other strict criteria.

For more information on how to register as a VAT agent or VAT representative, please contact [Mark Gamble](#).





### Keypoint relaunches Learning Point

Institutions operate in dynamic environments. Both requirements and delivery teams keep changing. To deliver consistent quality, organisations must ensure that business requirements and leading practice are continuously communicated to stakeholders.

Learning and continuous education programmes are a cornerstone to achieving those goals. Keypoint has developed an e-learning platform based on the latest technology that can be used to deliver industry-leading training and knowledge courses.

Srikant Ranganathan, who leads our IT consulting practice, says, “eLearning - learning using technology as a platform - has become an industry standard, providing a learning environment that is both consistent and personal and - when done properly - is increasingly interactive, enabling two-way communication between users and instructors. Our simple yet powerful e-learning platform – LearningPoint - delivers quality learning opportunities on the go.”

Learning Point can be cloud-based or hosted on-site. Content can be fully customised and branded - including logos and corporate colours.

For more information on Learning Point, please contact [Srikant Ranganathan](#).

### MOICT launches campaign to combat commercial concealment

Bahrain’s Ministry of Industry, Commerce and Tourism has launched a campaign to combat commercial concealment – enabling a non-Bahraini to practice a restricted commercial activity by using a Bahraini’s personal data or commercial registration. As well as the legal and commercial implications, commercial concealment can have serious implications from a taxation perspective.

There are a number of issues that the Bahraini (who shares their personal data) and the non-Bahraini (who uses that personal data) should be aware of, according to Mark Gamble, who runs Keypoint’s indirect tax function.

“CR owners are legally responsible for their CRs – and VAT registrations are attached to those CRs – so it follows that CR owners are responsible for their businesses’ VAT affairs. Tax evasion – which includes incorrectly withholding or paying VAT - is a criminal offence – so anyone leasing out their CR is opening themselves up to criminal action.”

Mark also makes the point that branches (sometimes also known as sub-CRs) are considered the same legal entity - and the same reporting entity - for VAT purposes. “From a VAT reporting perspective, anyone leasing a sub-CR to different businesses should be reporting all of the sales and purchases made by each branch - and reporting them in the same VAT return. If you’re not doing this, you’re probably making a mistake. And mistakes can be punished pretty harshly by the National Bureau for Revenue (NBR).”

For more information on the tax implications of MOICT’s campaign, please contact [Mark Gamble](#).

### MOICT releases new UBO requirements

In an initiative aimed at clamping down on tax avoidance and money laundering, the MOICT has introduced ultimate beneficial ownership (UBO) requirements for all non-CBB-regulated companies. In ministerial order 83 of 2020, the MOICT defines an ultimate beneficial owner as a natural person that owns or controls, directly or indirectly, 10% or more of a company’s capital or voting rights; or that has direct or indirect control over its operations; or that affects the strategic decisions or general direction of the company; or that can directly or indirectly make or influence decisions. MOICT has pledged to protect the confidentiality of UBO information – but has warned business that failure to comply with the regulations will lead to a violation – and could lead to further actions.

For more information on UBO requirements, please contact [Mohammed Ashraf](#).

## Penalties on DNFBPs for violating AML/CFT regulations

The Ministry of Industry, Commerce and Tourism (MOICT) has announced a number of penalties for designated non-financial businesses and professions (DNFBPs) found to have breached anti-money laundering and combatting the financing of terrorism (AML/CFT) regulations, according to local media. “The MOICT has referred one jewellery shop to the Office of Public Prosecution for selling jewellery without performing customer due diligence and imposed administrative penalties on another shop for selling jewellery valued at over BHD3,000 for cash – a significant breach of Bahrain’s AML/CFT regulations,” says Dr Mukund Ballal, an advisor to our financial regulatory compliance function.

For more information on how AML/CFT obligations may impact you, please contact [Najeeb Razzaque](#).

## Exam successes

Keypoint is recognised as a leading identifier, hirer and developer of talent – both nationals and expatriates. We are delighted to recognise three of our “behind the scenes” stars who have gained external qualifications this quarter.

A coordinator in our business development function, Fatema Ghaitth has been diligently expanding her knowledge and understanding of a range of digital media skills as part of her level five digital marketing professional certification.

“The CDMP is designed to equip marketing professionals with the skills required to futureproof the industry and advance their career. With new technologies constantly disrupting the digital media and marketing professions, ongoing learning and development is critical to stay relevant,” says Juliana Krause, who heads our internal HR function.

Zainab Al Saati has emerged as a key member of our internal HR function since she joined the firm in March 2018. With one important aspect of her role the continuing professional development of our staff, we are delighted that she has set a strong positive example by successfully passing the level 5 CIPD diploma in human resource management, enhancing her ability to evaluate the effectiveness of different HR models and practices; increase her understanding of some of the external factors that impact HR activities and organisations; and develop her planning, analytical and problem-solving skills.

“Zainab is a key member of the HR team,” says Juliana, “and her ongoing commitment to her professional development not only serves as a powerful example to the firm but also makes the firm a better place to work.”

Desislava (Desi) Lazarova, who works with senior management, has completed the Chartered Management Institute’s (CMI’s) level 6 qualifications in management and leadership, which focus on people and change management, organisation structures and critical thinking and methods. Guruparan Kumarasamy, who works closely with Desi, said that the investment she was making in herself was paying dividends across the firm. “Desi now has a much better understanding of the roles of senior management and is able to offer a more-attuned business and management perspective. She has a clearer understanding of the machine that is Keypoint from a holistic perspective – as well as improved presentation and communication skills.”

Wajdi Al Jallad, Keypoint’s managing director, hails the ongoing investment in Keypoint staff: “Our people are our most important resource – and clearly differentiate us from our competition. The ongoing investment in staff like Fatema, Zainab and Desi is going to pay dividends now and in the future – and we wish them further success!”



# Your success is our priority



## New additions to our website:

- IT internal audits
- RETT and its impact on Saudi Arabia's real estate sector
- Bahrain's PDPL
- AML/CFT risks as a result of COVID-19
- AML/CFT compliance framework reviews
- AML/CFT KPI frameworks
- AML/CFT annual reviews (AUP)
- SL snapshot - Cybersecurity
- ScamAlert – WhatsApp OTP
- Post-implementation IT reviews
- GAZT releases e-invoicing guide
- Updated version of the IT consulting brochure
- Cloud security
- NBR clarifies place of supply rules for telecom providers
- VAT registration in the Sultanate of Oman

## Keypoint in the media

[GDN – PULSE6](#)

As Bahrain's leading professional services firm, we are always interested to hear from you. If you have any comments or questions on anything we have covered in this newsletter, please email [bd@keypoint.com](mailto:bd@keypoint.com) or follow us on LinkedIn or Instagram. We look forward to continuing our conversations with you!

With my best wishes

Wajdi Al Jallad  
Managing Director