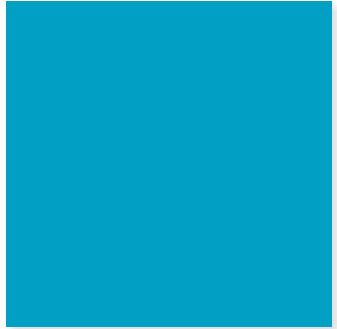


PKF



Bahrain
Tax Guide
2013

FOREWORD

A country's tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions. This handy reference guide provides clients and professional practitioners with comprehensive tax and business information for over 90 countries throughout the world.

As you will appreciate, the production of the WWTG is a huge team effort and I would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country's taxes that forms the heart of this publication.

I hope that the combination of the WWTG and assistance from your local PKF member firm will provide you with the advice you need to make the right decisions for your international business.

Richard Sackin

Chairman, PKF International Tax Committee
Eisner Amper LLP
richard.sackin@eisneramper.com

IMPORTANT DISCLAIMER

This publication should not be regarded as offering a complete explanation of the taxation matters that are contained within this publication.

This publication has been sold or distributed on the express terms and understanding that the publishers and the authors are not responsible for the results of any actions which are undertaken on the basis of the information which is contained within this publication, nor for any error in, or omission from, this publication.

The publishers and the authors expressly disclaim all and any liability and responsibility to any person, entity or corporation who acts or fails to act as a consequence of any reliance upon the whole or any part of the contents of this publication.

Accordingly no person, entity or corporation should act or rely upon any matter or information as contained or implied within this publication without first obtaining advice from an appropriately qualified professional person or firm of advisors, and ensuring that such advice specifically relates to their particular circumstances.

PKF International is a network of legally independent member firms administered by PKF International Limited (PKFI). Neither PKFI nor the member firms of the network generally accept any responsibility or liability for the actions or inactions on the part of any individual member firm or firms.

PREFACE

The PKF Worldwide Tax Guide 2013 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world's most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 1 January 2013, while also noting imminent changes where necessary.

On a country-by-country basis, each summary addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country's personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

In addition to the printed version of the WWTG, individual country taxation guides are available in PDF format which can be downloaded from the PKF website at www.pkf.com

PKF INTERNATIONAL LIMITED
MAY 2013

©PKF INTERNATIONAL LIMITED
ALL RIGHTS RESERVED
USE APPROVED WITH ATTRIBUTION

ABOUT PKF INTERNATIONAL LIMITED

PKF International Limited (PKFI) administers the PKF network of legally independent member firms. There are around 300 member firms and correspondents in 440 locations in around 125 countries providing accounting and business advisory services. PKFI member firms employ around 2,270 partners and more than 22,000 staff. PKFI is the 11th largest global accountancy network and its member firms have \$2.68 billion aggregate fee income (year end June 2012). The network is a member of the Forum of Firms, an organisation dedicated to consistent and high quality standards of financial reporting and auditing practices worldwide.

Services provided by member firms include:

- Assurance & Advisory
- Insolvency – Corporate & Personal
- Financial Planning/Wealth management
- Taxation
- Corporate Finance
- Forensic Accounting
- Management Consultancy
- Hotel Consultancy
- IT Consultancy

PKF member firms are organised into five geographical regions covering Africa; Latin America; Asia Pacific; Europe, the Middle East & India (EMEI); and North America & the Caribbean. Each region elects representatives to the board of PKF International Limited which administers the network. While the member firms remain separate and independent, international tax, corporate finance, professional standards, audit, hotel consultancy and business development committees work together to improve quality standards, develop initiatives and share knowledge and best practice cross the network.

Please visit www.pkf.com for more information.

STRUCTURE OF COUNTRY DESCRIPTIONS

A. TAXES PAYABLE

FEDERAL TAXES AND LEVIES
COMPANY TAX
CAPITAL GAINS TAX
BRANCH PROFITS TAX
SALES TAX/VALUE ADDED TAX
FRINGE BENEFITS TAX
LOCAL TAXES
OTHER TAXES

B. DETERMINATION OF TAXABLE INCOME

CAPITAL ALLOWANCES
DEPRECIATION
STOCK/INVENTORY
CAPITAL GAINS AND LOSSES
DIVIDENDS
INTEREST DEDUCTIONS
LOSSES
FOREIGN SOURCED INCOME
INCENTIVES

C. FOREIGN TAX RELIEF

D. CORPORATE GROUPS

E. RELATED PARTY TRANSACTIONS

F. WITHHOLDING TAX

G. EXCHANGE CONTROL

H. PERSONAL TAX

I. TREATY AND NON-TREATY WITHHOLDING TAX RATES

INTERNATIONAL TIME ZONES

AT 12 NOON, GREENWICH MEAN TIME, THE STANDARD TIME ELSEWHERE IS:

A

Algeria	. . . . .	1 pm
Angola	. . . . .	1 pm
Argentina	. . . . .	9 am
Australia -		
Melbourne	. . . . .	10 pm
Sydney	. . . . .	10 pm
Adelaide	. . . . .	9.30 pm
Perth	. . . . .	8 pm
Austria	. . . . .	1 pm

B

Bahamas	. . . . .	7 am
Bahrain	. . . . .	3 pm
Belgium	. . . . .	1 pm
Belize	. . . . .	6 am
Bermuda	. . . . .	8 am
Brazil	. . . . .	7 am
British Virgin Islands	. . . . .	8 am

C

Canada -		
Toronto	. . . . .	7 am
Winnipeg	. . . . .	6 am
Calgary	. . . . .	5 am
Vancouver	. . . . .	4 am
Cayman Islands	. . . . .	7 am
Chile	. . . . .	8 am
China - Beijing	. . . . .	10 pm
Colombia	. . . . .	7 am
Cyprus	. . . . .	2 pm
Czech Republic	. . . . .	1 pm

D

Denmark	. . . . .	1 pm
Dominican Republic	. . . . .	7 am

E

Ecuador	. . . . .	7 am
Egypt	. . . . .	2 pm
El Salvador	. . . . .	6 am
Estonia	. . . . .	2 pm

F

Fiji	. . . . .	12 midnight
Finland	. . . . .	2 pm
France	. . . . .	1 pm

G

Gambia (The)	. . . . .	12 noon
Germany	. . . . .	1 pm
Ghana	. . . . .	12 noon
Greece	. . . . .	2 pm
Grenada	. . . . .	8 am
Guatemala	. . . . .	6 am

VI

Guernsey	. . . . .	12 noon
Guyana	. . . . .	7 am

H

Hong Kong	. . . . .	8 pm
Hungary	. . . . .	1 pm

I

India	. . . . .	5.30 pm
Indonesia	. . . . .	7 pm
Ireland	. . . . .	12 noon
Isle of Man	. . . . .	12 noon
Israel	. . . . .	2 pm
Italy	. . . . .	1 pm

J

Jamaica	. . . . .	7 am
Japan	. . . . .	9 pm
Jordan	. . . . .	2 pm

K

Kenya	3 pm
-------	-----------	------

L

Latvia	. . . . .	2 pm
Lebanon	. . . . .	2 pm
Luxembourg	. . . . .	1 pm

M

Malaysia	. . . . .	8 pm
Malta	. . . . .	1 pm
Mexico	. . . . .	6 am
Morocco	. . . . .	12 noon

N

Namibia	. . . . .	2 pm
Netherlands (The)	. . . . .	1 pm
New Zealand	. . . . .	12 midnight
Nigeria	. . . . .	1 pm
Norway	. . . . .	1 pm

O

Oman	4 pm
------	-----------	------

P

Panama	. . . . .	7 am
Papua New Guinea	. . . . .	10 pm
Peru	. . . . .	7 am
Philippines	. . . . .	8 pm
Poland	. . . . .	1 pm
Portugal	. . . . .	1 pm

Q

Qatar	8 am
-------	-----------	------

R

Romania	2 pm
---------	-----------	------

Russia -	
Moscow	3 pm
St Petersburg.	3 pm

S

Singapore	7 pm
Slovak Republic	1 pm
Slovenia	1 pm
South Africa.	2 pm
Spain	1 pm
Sweden.	1 pm
Switzerland	1 pm

T

Taiwan	8 pm
Thailand	8 pm
Tunisia	12 noon
Turkey.	2 pm
Turks and Caicos Islands	7 am

U

Uganda	3 pm
Ukraine	2 pm
United Arab Emirates	4 pm
United Kingdom	(GMT) 12 noon
United States of America -	
New York City.	7 am
Washington, D.C.	7 am
Chicago.	6 am
Houston.	6 am
Denver	5 am
Los Angeles.	4 am
San Francisco	4 am
Uruguay	9 am

V

Venezuela	8 am
---------------------	------

Z

Zimbabwe	2 pm
--------------------	------

BAHRAIN

Currency: Bahraini Dinar
(BHD)

Dial Code To: 973

Dial Code Out: 0

Member Firm:

City:
Bahrain

Name:
Majeed M Shaji

Contact Information:
17 200 145
pkfb@batelco.com.bh

A. TAXES PAYABLE

No form of personal, corporate, withholding or value added tax is applicable in Bahrain. There is no personal tax except municipal tax of 10% on the monthly rental of residential and business property. In addition, a 5% government levy on gross turnover is imposed on hotel services and entertainment.

Customs (import) duties are generally levied at a rate of 5% but there are many items such as medicines, most food products, capital goods and raw material for industries which are exempt from duty. After implementation of the new uniform customs tariff which became effective on 1 January 2003, all non-Gulf Co-operation Council (GCC) products, except for those exempted, are subject to 5% customs duty. However, the products of the GCC countries shall enter into each others' markets free of customs duties.

Products are considered as originating in a GCC country if the value added to such product in the said country is more than 40% of the value of the product in question and if the factory that manufactured the product is at least 51% owned by GCC nationals.

In the event of re-export to non-GCC countries, a customs deposit has to be made and this will be refunded when proof of re-export is given to the authorities. In the event of re-export to GCC countries, customs duty at 5% will be levied at the first point of entry. The provisions of the GCC Customs Union, which was implemented from 1 January 2003, will be applicable.

The Free Trade Treaty agreed between Bahrain and the US was signed on 14 September 2004 in the Kingdom. Bahrain has entered into avoidance of double taxation treaties (DTTs) with several countries including: Algeria, Belarus, Brunei, Bulgaria, China, Czech Republic, Egypt, France, Iran, Jordan, Lebanon, Morocco, Philippine, Singapore, Sri Lanka, Syria, Thailand, Turkey, Turkmenistan, Uzbekistan and Yemen.

