

COUNTRY PROFILE

Bahrain

Tax overview

Corporate Income Tax	None
Personal Income Tax	None
Gift Tax (direct line)	None
Inheritance Tax (direct line)	None
Wealth Tax	None

Legal System

The Kingdom of Bahrain is an Islamic constitutional monarchy, which applies a mixture of Civil Law and Sharia.

Currency and Exchange Controls

The currency in Bahrain is the Bahraini Dinar (BHD). There are no foreign exchange controls in Bahrain.

Personal Income Taxation

Bahrain does not impose income tax for individuals, and Bahrain does not impose gift, inheritance or wealth tax.

Corporate Income Taxation

Bahrain does not generally impose corporate income tax. However, oil and gas exploration and production companies, and petrochemical companies, are subject to tax at rates of 46%.

Value Added Tax (VAT)

Bahrain applies VAT at a standard rate of 5% on goods and services, subject to exemptions.

Anti-Avoidance Rules

Bahrain does not have Transfer Pricing rules, Thin Capitalization rules or Controlled Foreign Corporation (CFC) rules.

Trusts

The Bahrain Trust Funds Law (2016) governs the formation, administration and regulation of Bahrain Trusts. The Trust Funds law waived foreign ownership restrictions, and allows the trust instrument to designate the Governing Law of the Trust. Bahrain does not tax trusts.

Double Tax Treaties (DTTs)

Bahrain has a broad network of DTTs, including with Austria, Barbados, Bermuda, China, Cyprus, France, Hungary, Ireland, Isle of Man, Luxembourg, Malta, Netherlands, Seychelles, Singapore, and the UK.

Tax Information Exchange Agreements (TIEAs)

Bahrain has TIEAs for the exchange of tax information with Australia, Canada, Denmark, Faroe Islands, Finland, Greenland, Iceland, India, Norway, and Sweden.

OECD Multilateral Convention

Bahrain has also ratified the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, as amended by Protocol (2010). The Convention requires parties to exchange information "on request," and allows parties to agree spontaneous and automatic exchange.

Common Reporting Standard (CRS)

Bahrain executed the Multilateral Competent Authority Agreement (MCAA) and has implemented automatic exchange under CRS.

FATCA

Bahrain has a FATCA Model 1 Intergovernmental Agreement (IGA) in effect with the United States.

Notice

CISA Trust is not a legal or tax advisor and this material is for general information only.