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REQUIRED ONLY

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BUSINESS ENVIRONMENT

THE CONSUMER

IMPORTING & DISTRIBUTING

Import Procedures

Anyone who wishes to import goods to Bahrain for the purpose of sale or consumption must obtain a general licence from the Directorate of Customs and Ports of the Ministry of Finance and National Economy. Importers must fill in the customs declaration and present the following documents:

1. Import Customs Declaration Form (CDF)
2. Delivery note from the exporting agent to the importer (with valid CR)
3. Three copies of the exporter's invoices (originals) to the importer
4. Two copies of the Packing List with details of weight, packaging and commodity classification for each article submitted
5. A certificate of origin (original) of the competent Chamber of Commerce of the country of origin of goods
6. A copy of the insurance policy
7. Original Bill of Lading
8. Import permit / authorization of the competent authority for the import of controlled goods
9. Bank statement / guarantee (if applicable)
10. A statistical declaration if the final destination of the goods is within countries of the Cooperation Council (GCC)

After the Customs Declaration has been submitted using the deCAS system, the clearance procedure for the imported goods is as follows:

1. Pay the duties and taxes due at the customs office where the goods are to be cleared
2. Submit all necessary documents to the customs officer
3. Pay the handling fee and make an appointment at the counter of the port operator for moving cargo
4. The port operator moves the container to the checkpoint
5. Customs assess the risk level of the goods and may decide to carry out an inspection
6. Finally, the goods are cleared and can leave the customs office.

For more information, consult the website of the [Customs affairs](#).

Distribution market players

Despite being a small country with a relatively modest population, the kingdom has more than twenty malls and the same number of supermarkets/hypermarkets. These have appeared in the last 20 years and have taken advantage of traditional channels (souks, travelling salesmen, stands). The largest supermarket chains include: [Géant](#), Midway, [Carrefour](#), [Lulu Hypermarket](#), [Jawad](#). The largest wholesalers are: [BMMI](#), [Jawad Business Group](#), HHM Group ([Fine Food](#)), [Ali & Sons](#) (Foodco).

OPERATING A BUSINESS

Type of companies

Limited Liability Company (WLL)

Number of partners: Minimum 2, maximum 50.

Capital (max/min): No minimum capital required. However, the share capital of a company is divided into equal shares with a value no less than BHD 50

Shareholders and liability: Limited: partners are responsible for the company's debts and obligations to the extent of their participation in the capital.

A Single Person Company (SPC)

Number of partners: 1 person, from Bahrain or

Capital (max/min): BHD 50,000 minimum

Shareholders and liability: Unlimited; the owner is responsible for all of the company's debts and obligations with his entire personal property.

Bahrain Shareholding Company (BSC)

Number of partners: Minimum 2

Capital (max/min): BHD 1,000,000 minimum (public); or BHD 250,000 (closed)

Shareholders and liability: The partners are responsible for the company's debts and obligations to the extent of the value of their shares.

Commandite Company by Shares

Number of partners: Minimum 4

Capital (max/min): BHD 20,000 minimum

Shareholders and liability: Unlimited if the joint partners are jointly responsible for the company's obligations, to the extent of their personal wealth; or limited if the partners (share-holders) are only liable for the company's obligations to the extent of their equity (shares) in the company's capital.

Joint Liability Company

Number of partners: Minimum 2

Capital (max/min): Not applicable

Shareholders and liability: Unlimited

Setting Up a Company	Bahrain	East Asia & Pacific
Procedures (number)	6.0	7.3
Time (days)	8.3	29.7

Source: *Doing Business* - Latest available data.

Cost of Labour

Minimum Wage

BHD 300 per month (source: ILO, 2011).

Average Wage

Gross average monthly wage of men: BHD 311 (source: ILO, 2010);

Gross average monthly wage of women: BHD 365 (source: ILO, 2010).

Social Contributions

Social Security Contributions Paid By Employers: 12% (3% for expats)

Social Security Contributions Paid By Employees: 7% (1% for expats)

Intellectual Property

National Organisations

The [Directorate of Industrial Property](#) of the Ministry of Industry and Commerce.

Regional Organisations

Bahrain participates in the work of the [GCC Patent Office](#).

International Membership

[Member of the WIPO](#) (World Intellectual Property Organization)

[Signatory to the Paris Convention](#) For the Protection of Intellectual Property

[Membership to the TRIPS agreement](#) - Trade-Related Aspects of Intellectual Property Rights (TRIPS)

TAX RATES

Consumption Taxes

Nature of the Tax

Value-added tax (introduced on 1 January 2019)

Tax Rate

The standard rate increased from 5% to 10% beginning 1 January 2022.

Reduced Tax Rate

Zero-rated items include the export of goods outside the GCC implementing states' territory (the supply of goods to other GCC implementing states shall be treated as an export until the full integration of the Electronic Services System across all the GCC implementing states); the supply of services from a resident taxable person in Bahrain to a customer residing outside the GCC implementing states and benefiting from such service outside the GCC implementing states; re-export of goods that were temporarily imported for repairs, renovation, modification or processing, and the service added to it; the supply of goods to, within or under a customs duty suspension scheme; transportation services of passengers and goods to or from Bahrain, other services included with such transportation services, and the related means of transport; local transportation sector; oil, oil derivatives and gas sector (The upstream, midstream and downstream activities are generally zero-rated. As an exception, zero-rating does not apply to specific downstream activities, such as import or supply of oil, oil derivatives and gas by-products, for example, plastic and fertilizers); the supply or import investment grade gold, silver and platinum with purity level of not less than 99% and can be traded on global bullion market, based on a certificate issued by the competent authority responsible for testing precious metals and gemstones in Bahrain; the first supply after extraction of gold, silver and platinum for trading purposes; supply or import of pearls and precious gemstones after obtaining the certificate issued by the competent authority responsible for testing the pearls and gemstones to determine their nature; the supply of preventive and basic health care services and related goods and services (the health care services must be qualifying medical services provided by qualified medical professionals or qualified medical institutions to a patient during the course of its treatment); the supply or import of specific medicines and medical equipment; the supply of educational services and related goods and services to nurseries, pre-elementary, elementary, secondary and higher education; the supply and importation of food items listed in the GCC list of basic food items; construction of new buildings.

The supply of bare land and buildings, specific financial services, and certain imported goods are exempt.

Other Consumption Taxes

Tobacco products and energy drinks are subject to excise tax at 100%, while carbonated drinks are subject to excise tax at 50%. Further goods may also become subject to **excise tax** in the future.

Corporate Taxes

Company Tax

None, except for oil companies, at a 46% rate of net profits

Capital Gains Taxation

Capital gains are not taxed in Bahrain.

Main Allowable Deductions and Tax Credits

Bahraini laws provide for deductions for nearly all costs associated with taxable activities in the country, such as the cost of production, refinement, remuneration of employees associated with these taxable activities (including social insurance and pensions paid for the benefit of these employees), and other operational losses.

All reasonable and justifiable costs of production and exploration of products sold during the current taxable year are deductible for tax purposes if these expenses have not been deducted elsewhere in calculating net taxable income.

All taxes and duties not imposed by the Bahrain income tax law - such as customs duties - can also be deducted from taxable income.

Unutilised losses may be carried forward indefinitely and deducted up to an amount equivalent to the net income. Carryback of losses is not permitted.

Other Corporate Taxes

Other taxes include:

- registration and licence fees: companies are subject to registration fees (from BHD 25 to 1,000) and licence fees that vary according to the nature of their activity
- stamp duty: applies to the transfer and/or registration of real estate only and is levied at a rate of 2%. If the duty is paid within 60 days following the transaction date, the rate of the stamp duty is reduced to 1.7%
- municipality tax: levied on the rental of commercial and residential property to expatriates at a rate of 10%
- social security contribution: employer's social security contribution is 15% for Bahraini workers and 3% for non-Bahraini workers. The employer's portion will be increased by one percentage point from 2024 to 2028, resulting in a cumulative share of 20% for the employer in 2028. Penalties ranging from BHD 100 to BHD 500 apply for failure to provide income information and corresponding contributions, which may be doubled for repeated failures.
- a 10% levy is imposed on the gross turnover of hotels and first-grade restaurants.

Other Domestic Resources

[Consult Doing Business Website](#), to obtain a summary of the taxes and mandatory contributions.

Double Taxation Treaties

Countries With Whom a Double Taxation Treaty Have Been Signed

[The list of tax treaties signed by Bahrain.](#)

Withholding Taxes

No withholding taxes (interests, dividends, royalties) are levied in Bahrain.

