



E-Commerce VAT Obligations in Bahrain: A Complete Guide

Understanding VAT for e-commerce businesses in Bahrain. Marketplace rules, digital services, cross-border supply chains, and compliance requirements.

E-commerce in Bahrain is booming, but many online sellers are unaware of their VAT obligations. Whether you're selling through your own website, via marketplaces, or providing digital services, understanding VAT compliance is critical.

WHO NEEDS TO REGISTER?

Any business (including sole traders) selling goods or services in Bahrain must register for VAT once their taxable supplies exceed BHD 37,500 in any 12-month period. For e-commerce sellers, this threshold includes:

- All online sales to Bahrain customers
- Imported goods for resale (the import value counts)
- Digital services provided to Bahrain consumers
- Marketplace sales attributed to your account

MARKETPLACE RULES

If you sell through online marketplaces (Amazon, Noon, etc.), the VAT treatment depends on who is the deemed supplier:

SCENARIO	VAT RESPONSIBILITY
Seller invoices customer directly	Seller accounts for VAT
Marketplace invoices on seller's behalf	Seller still liable (agent model)
Marketplace is deemed supplier	Marketplace accounts for VAT

DIGITAL SERVICES

VAT applies to electronically supplied services when consumed in Bahrain. This includes:

- Software subscriptions and SaaS
- Streaming services (music, video, gaming)
- Online advertising
- Cloud storage and hosting
- Online courses and e-learning

Non-resident digital service providers may need to register for VAT in Bahrain if they supply to non-registered consumers (B2C). For B2B supplies, the reverse charge applies.

CROSS-BORDER E-COMMERCE

Goods imported into Bahrain for resale are subject to:

- Import VAT at 10% — payable at customs, recoverable if registered
- Customs duty at 5% — standard GCC common external tariff
- Output VAT on the sale — charged to the customer at 10%

E-COMMERCE VAT CHECKLIST

- ☒ Check if you've exceeded the BHD 37,500 threshold
- ☒ Register for VAT if required
- ☒ Configure your checkout to charge 10% VAT

-  Issue NBR-compliant tax invoices
-  Track import VAT for input recovery
-  Apply reverse charge on imported services
-  File returns on time (monthly or quarterly)

About the Author

The Yasmi Co Tax Team specializes in digital economy taxation and e-commerce compliance.

Executive Notice: Official publication prepared by Yasmi Co Advisory & Consultation for general commercial guidance. Consult our licensed tax team for entity-specific advice.

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