Payroll Tax Guide

Payroll obligations in Bahrain. GOSI contributions, LMRA levies, unemployment insurance, WPS compliance, and end-of-service benefits calculation.

✅ No Income Tax: Bahrain has no personal income tax. However, employers face significant social insurance and levy obligations that effectively function as employment taxes.

GOSI CONTRIBUTIONS

CATEGORY	EMPLOYER	EMPLOYEE	TOTAL
Bahraini — Pension	12%	7%	**19%**
Bahraini — Unemployment	1.5%	1%	**2.5%**
Bahraini — Occupational	3%	–	**3%**
Total Bahraini	**16.5%**	**8%**	**24.5%**
Expat — Occupational	3%	–	**3%**
Total Expat	**3%**	**–**	**3%**

OTHER OBLIGATIONS

🏛 LMRA LEVY

Work permit fees: BD 200-500/year per expat depending on business size. Flexi permit workers: BD 500-700/year. Monthly levy payments due by 15th of following month.

💳 WPS COMPLIANCE

All salaries must be paid through Wage Protection System (bank transfer). Cash payments are not compliant. Deadline: within 10 working days of month end.

🏁 END-OF-SERVICE

Expats: half-month salary per year for first 3 years, one month per year thereafter. Bahrainis: covered by GOSI pension. Calculated on final basic salary.

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