Parliamentary panel rejects Government Excise Tax and Value Added Tax (VAT) bills in Bahrain

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Dear valued clients,

The Parliamentary committee in the Kingdom of Bahrain rejected the Government tax bills that were referred to Parliament by the Government, introducing new taxes on certain products. The bills stipulated joining the GCC's unified agreement on Excise Tax and Value Added Tax (VAT).The bills were rejected by the Financial and Economic Affairs Committee in the House of Representatives during its regular meeting yesterday.

The Members of Parliament (MPs) were concerned that the bills would open doors for imposing more levies on citizens. The bills included several loopholes, such as the authority given to the concerned ministries to impose levies on products that are harmful to human health and environment, without additional clarification. This could imply that the concerned ministers might impose taxes on all harmful or luxury products such as cars, jewelry, watches and other commodities with a value over a certain threshold**.** These aspects and other areas availed major uncertainties which lead to the rejection of the tax bills.

The bills included imposing taxes on selective products that are harmful to health, including tobacco products (100 percent), carbonated drinks (50 percent) and energy drinks (100 percent). Additionally, it is noted that there was no indication of alcoholic beverages that are offered in the Kingdom of Bahrain will be subject to excise tax.

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The Committee's rejection of the bills is not final, as the entire House will vote on the decision during the upcoming sessions. The results of the vote will be referred to the second legislative branch, Shura Council, before it would be returned to the Government.

Source

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