

# **Bahrain – VAT Deregistration Guide Alert**

Effective December 2025



# **Bahrain VAT Alert: VAT Deregistration Guide – Key Changes and Updates**

The National Bureau for Revenue, Bahrain (NBR) issued the second edition of VAT Deregistration guidance in December 2025. This is the updated VAT Deregistration Guide, which supersedes all previous versions and introduces new compliance requirements applicable to all VAT registrants in Bahrain.

All provisions set out in this guide take effect from 25 December 2025 and apply to all deregistration applications submitted on or after this date.

Issued by the National Bureau for Revenue (NBR) of Bahrain to provide clear guidance on VAT deregistration procedures and requirements.

# The New CFO Opportunity: Using Tax Incentives to Create Enterprise Value



## What is VAT Deregistration?

VAT deregistration is the formal process whereby a VAT-registered taxpayer applies to the National Bureau for Revenue (NBR) to cancel its VAT registration when mandatory registration conditions are no longer met.



## Approval Required

VAT deregistration is not automatic. Each application is subject to formal review and approval by the NBR, based on eligibility and compliance status.



## Submission Portal

All VAT deregistration applications must be submitted electronically through the NBR portal in accordance with prescribed procedures.



## Settlement Obligation

VAT deregistration is conditional upon full settlement of all outstanding VAT obligations with the NBR. This includes submission of all pending VAT returns, payment of outstanding VAT liabilities, penalties, or administrative fines, and resolution of any open compliance matters.



## Effective Deregistration

The VAT registration is cancelled only after the NBR confirms that the taxpayer's VAT account is fully up to date and in good standing. Until approval is granted, the taxpayer remains subject to all ongoing VAT compliance obligations.

## When Deregistration Is Mandatory (Resident VAT Registrants)

**Ceased Economic Activity:** The registrant has fully discontinued all economic activities and business operations within Bahrain.

**No Taxable Supplies:** The registrant has ceased all taxable supplies for a continuous period of 12 months and has no intention of resuming such activities.

**Below Threshold:** The registrant's annual taxable supplies have remained below BHD 18,750 for a continuous period of 12 months and are not anticipated to exceed this threshold in the upcoming 12 months.

## Mandatory Deregistration Rules for Non-Resident VAT Registrants

**No Supplies to Non-Registered:** The non-resident registrant has made no taxable supplies to non-registered persons in Bahrain for a continuous period of 12 months.

**Zero-Rated Only:** If all of a non-resident's supplies are zero-rated, they are not eligible to maintain VAT registration and are required to deregister.

**B2B Only Supplies:** If a non-resident exclusively supplies goods or services to VAT-registered persons (B2B transactions), they are not eligible to maintain VAT registration and must proceed with deregistration.

## Voluntary Deregistration Conditions (Resident VAT Registrants Only)

**Revenue Threshold:** Taxable supplies have declined to below BHD 37,500 but have stayed above the mandatory registration threshold of BHD 18,750 for a continuous period of 12 months.

**Registration Period:** The registrant is required to have maintained VAT registration for a minimum of 24 months prior to submitting a request for voluntary deregistration.

**Non-Resident Exclusion:** Non-resident VAT registrants are not permitted to apply for voluntary deregistration under any circumstances.





# Deregistration Application Process

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## Review NBR Conditions

Thoroughly review all NBR requirements and eligibility criteria for both mandatory and voluntary deregistration.

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## Complete Application Form

Complete the deregistration application form on the NBR e-portal, ensuring all required information is provided accurately.

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## Gather Supporting Documents

Prepare and attach all required supporting documents based on your specific deregistration scenario

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## Submit Application

Submit the fully completed application through the NBR e-portal and wait for confirmation, which will be sent via SMS and email.

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## NBR Review

The NBR will review the submitted application and may request additional information..

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## Final Decision

Receive the approval or clearance letter confirming that all obligations have been settled. Deregistration is finalized once this confirmation is issued.

# Required Supporting Documents

## Supporting Evidence

Supporting documentation demonstrating the complete cessation of economic activity or business operations in Bahrain.

## Financial Projections

Forecasted sales and expenses for the upcoming 12 months to illustrate planned business activities..

## Asset Confirmation

Verification of remaining assets and the planned disposition of these assets following deregistration.

## Sales Reports

Comprehensive sales reports for the past 12 or 24 months, outlining taxable supplies.

## Audited Statements

Audited financial statements for the applicable periods, as required by the NBR

# Critical VAT Deregistration Compliance Roadmap



## Step 1: Exit from VAT Group (if applicable)

Where the taxpayer is a member of a VAT group, it must formally exit the VAT group before submitting an individual VAT deregistration application.



## Step 2: Clearance of Outstanding VAT Obligations

Where VAT obligations remain outstanding, the NBR will require settlement of all liabilities before the deregistration process can continue.



## Step 3: Verification of Remaining Assets

The NBR may require confirmation of assets held at the time of deregistration and their intended treatment or disposal.



## Step 4: Response to NBR Request 30-Day Deadline

Any request for additional information by the NBR must be addressed within 30 days, failing which the deregistration application will be automatically cancelled.



## Step 5: Post-Deregistration Account Access

Automated generation of comprehensive tax reports and dashboards, providing real-time insights for informed decision-making.



## Step 6: Ongoing Compliance Monitoring

Following deregistration, the taxpayer must monitor future activities and turnover to ensure timely VAT re-registration if mandatory registration thresholds or conditions are met again.

# What Businesses Should Do Now

- Ensure eligibility for deregistration.
- Submit application via NBR e-portal.
- Settle all outstanding VAT obligations.
- Receive NBR approval to complete deregistration.
- Keep records and monitor turnover for potential re-registration.

## ACQUISORY VIEW

VAT deregistration provides a structured exit from the VAT system, but it is subject to strict NBR requirements and documentation obligations. Incorrect or incomplete applications—such as failing to settle outstanding VAT, provide required records, or demonstrate cessation of business activities—may result in rejection or delays. Businesses that carefully assess eligibility, maintain thorough records, and comply with NBR procedures will ensure a smooth deregistration process and minimize post-deregistration audit risks.



## Dubai

Office 604, Bay Square 11, Business Bay, P.O. Box: 118767, Dubai, UAE

**T:** + 971 4576 5098

 [\*\*GCC@acquisory.com\*\*](mailto:GCC@acquisory.com)

## Delhi-NCR

1116, 11th Floor, WTT, C-1, Sector 16, DND Flyway, Noida – 201301

**T:** +91 120 614 300

**Fax:** +91 120 6143033

## Mumbai

102, 1st Floor, Naman Centre, BKC, Near MMRDA Parking, Bandra East, Mumbai City, Maharashtra, 400051

**T:** +91 22 68648100

**Fax:** +91 22 68648132

 [\*\*info@acquisory.com\*\*](mailto:info@acquisory.com)

## Bengaluru

Unit 1003-1004, 10th Floor, Prestige Meridian - II, Mahatma Gandhi Rd, Ashok Nagar, Bengaluru, Karnataka, 560025

