

Bahrain National Bureau for Revenue (NBR) issues a public clarification (VAT/PC/20/3) to amend the place of supply rules for telecommunication services:

The amendment will be effective from 1st February 2021 i.e. these new rules should be applied where a tax due date for a supply of telecommunication services occurs on or after 1st Feb 2021.

Amended rules will be as follows:

- For telecommunications services that require the customer to be physically present in a specific location to use them (such as a wi-fi hotspot or an internet café), the place of use and enjoyment is that specific location, so there is no change in place of supply rules for these kinds of services.
- For all other telecommunications services, the **place of use and enjoyment** is the **place of residence of the customer**. The supplier of the service should determine the place of residence of the customer by reference to the following:
 - Customer's IP address;
 - SIM card country code used by the customer to receive the service;
 - Customer's billing address;
 - Customer's bank account; and
 - Other commercial information.

Note: The place of supply cannot shift from Bahrain where the country code of the SIM card is Bahrain.

As per NBR, evidence of actual residence in another country will be satisfactory if it comprises **at least two documents** clearly showing the same address for the person in another Country.

Below documents will be considered as valid documents:

- Residence permit/ID card,
- Bank statement,
- Utility bills,
- Tax return and
- Certificate of tax residence issued by a tax authority

NBR expects that the supplier should either:

1. See original documents and retain hard or electronic copies with the signature of an employee who confirms that he has had sight of the original document and the date that the copy was retained; **or**
2. Obtain copies, which have been certified (e.g. by a lawyer or notary) as true copies of the original.

Implications of the amendment

S.No.	Scenario	Implication
1.	Charges from Bahrain resident telecommunication providers (telcos) to non-resident telcos under roaming agreements	Outside the scope of Bahrain VAT
2.	Non-Resident telcos charging Bahrain resident telcos under roaming agreements	Bahrain resident telco will account for VAT under RCM
3.	Non-resident telcos supplying services to non-residents visiting Bahrain	Outside the scope of Bahrain VAT
4.	Bahrain resident customer of Bahrain resident telcos roaming internationally	Bahrain VAT to be charged as services is provided to Bahrain resident.

Article prepared by: Aliasgar, Assistant Manager, Reviewed by: Bhawna Chopra, Tax Partner

If you would like to discuss any VAT matters, please drop us an email at info@premier-brains.com or call us at + 971 4 3542959.

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