



# BAHRAIN

Bahrain - Mixed (Civil and sharia law)



Incorporate Now



Consultation

Click request a call for a free, no obligation consultation.  
In a hurry? Click incorporate now, and startup your company immediately.

## Incorporating a company in Bahrain

# Bahrain taxes

If you want to do business in Bahrain, you have to know about taxation for a LLC (WLL) which is the most common company type in Bahrain.

Bahrain does not levy corporate income tax, except for companies engaged in the extraction, production or refining of hydrocarbons. This ranks Bahrain as 1st when compared to corporate tax rate worldwide.

There is no value-added tax or sales tax in Bahrain, which ranks Bahrain as 1st overall with regards to value added tax rate worldwide. In terms of other taxation, an employer will contribute 12.00% to the equivalent of a social security fund and an employee will contribute 7.00%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 60 hours. Contributing to this is the number of yearly labor tax payments, which is 3 in BH.

Thin capitalization restrictions are not in effect. This refers to any type of requirements on a business and the debt-to-asset ratios. Dividends are not taxable in Bahrain. A dividend is a distribution of a portion of earnings of the business, established by the board of directors, to shareholders. Dividends can be issued as shares of stock, cash payments, or other property. Capital Gains are not subject to taxation. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

There are no withholding taxes in Bahrain. This means that payments on dividends, interests, royalties or fees to non-residents are not taxed.

There is no known tax on wealth in Bahrain. There are no known inheritance and real property taxes in BH. Transfer of properties are subject to a stamp duty. There are no popular and well known research and development tax relief in Bahrain.

The above is not tax or legal advice for your company's personal tax obligations. We are able to refer you to a lawyer in Bahrain who can properly advise you. Click the free consultation button above.

The vat rate in Bahrain is 0% which ranks 1 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 44** **Tax treaties**
- 0%** **Offshore Tax**
- 0%** **Corp rate**
- **Loss carryback years**
- **Corporate time**
- 0%** **VAT rate**
- 0%** **Capital gains**
- 2018** **AEOI planned**

# Bahrain Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Bahrain is mixed (civil and sharia law) law. You will want to get some local advice as to how to best structure a company in Bahrain. Electronic signatures are permitted.

The letters BH is for Bahrain and the most common legal entity type in Bahrain is a LLC(WLL).

The time to setup is usually 3 Months to put together the paperwork and file a LLC(WLL) in BH. The types of currencies you can use to fund your company is frequently BHD, USD, and any legal currency.

Yes, one is allowed to re-domicile a LLC(WLL) from BH. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least This means it is not possible for you to own a LLC(WLL) in Bahrain as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is encouraged, up to 100% of the ownership of the legal entity.

There is a requirement to have at least 2 directors. Speaking of shareholders, corporate directors are permitted. Directors should not expect to be private, as they are disclosed. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an office which can receive litigation or other legal process on behalf of the company. Moreover, a corporate secretary is also mandated by the government.

There is a requirement to file accounts to relevant authorities. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Bahrain is a ok option and have given it a score of 58 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✓ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✗ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 2 Directors required**
- 3 Months to form**



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## Country Info



🏴 National Flag of

مملكة البحرين (ara)

\$ Currency

**BHD**

☎ Area Code

**+973**

🏰 Capital

**Manama**

✈ Region

**Western Asia**

🌿 Native Languages

**Arabic**