

2. 'Date of Supply' – meaning

- ▶▶ In the above discussed criteria, one of the prominent event is “date of supply”.
- ▶▶ Now what is meant by this phrase. Lets take a case of sale of goods. Following dates will be relevant:
 - The date on which goods were despatched from Supplier’s location
 - The date on which goods were received at Customer’s location
 - The date of acceptance of goods by the Customer
- ▶▶ Now, which of these dates are to be taken to determine the ‘date of supply’
- ▶▶ The GCC VAT agreement provides guidance on the same. There are different rules prescribed for different types of transactions for goods and services.
- ▶▶ The ‘date of supply’ is generally determined as below:
 - i. For supply of goods with transportation, date when the transportation commences
 - ii. For supply of goods without transportation, date when the goods are made available at customer’s disposal
 - iii. For supply of goods with installation at site, date on which the assembly or installation of Goods was completed
 - iv. For supply of services, date on which the service was completed
 - There are specific rules for some other cases also, which can be referred.

3. Tax Due Date for transitional transactions

▶▶ Assuming VAT comes into Bahrain w.e.f. 1st October’ 18 (‘go-live date’). There will be many transactions for which one or more events (supply / invoicing / payment) would happen prior to the go-live date.

▶▶ The issue arises whether the normal rules for “Tax due date” will apply for these Transitional cases.

▶▶ If the same rules apply, then if any of the event (supply / invoicing / payment) happens prior to the go-live date then no tax (VAT) will apply on these transactions.

▶▶ However, the GCC VAT agreement has advocated special rules for these cases. The rule is that if the supply of goods or services (completion of full or part of services) happened post go-live date then irrespective whether payment received or invoice raised prior to go-live date, VAT will apply on these transactions (or part thereof) which happens post go-live date.

▶▶ The same can be summarised and understood with the help of the following example:

Invoice	Payment	Supply / Delivery	Tax impact
Before / After	Before / After	Before	No VAT applicable
Before	Before	After	VAT applicable
Before	After	After	VAT applicable
After	Before	After	VAT applicable
After	After	After	VAT applicable

(This is part 9 of a multi-part series presented by award-winning VAT Experts Dhruva Advisors, Bahrain)

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Hence for transitional cases, the only focus has to be the date of supply.