

BD600 earners may get VAT relief

Parliament to debate VAT exemption proposal for low-income citizens

● **Financial committee narrowed draft from "all taxes" to VAT only**

● **Government warns plan may conflict with GCC tax agreements**

Mohammed Darwish
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Low-income Bahrainis earning less than BD600 a month could be exempted from value added tax (VAT) if Parliament approves a proposal set for debate on Tuesday.

The proposal originally sought to exempt low-income citizens from "taxes of all kinds", but the Financial and Economic Affairs Committee has since narrowed its scope to VAT only.

Ahmed Al Saloom,
Chairman of
Parliament's
Financial and
Economic
Affairs
Committee



Under the amended draft, the exemption would apply to Bahraini natural persons with a gross monthly income below BD600. The committee added the word "gross" to clarify that the threshold refers to total income before deductions.

The bill consists of three articles and a preamble. Article 1 provides for the VAT exemption for eligible Bahrainis. Article 2 authorises the Minister of Finance and National Economy to issue the necessary implementing regulations. Article 3 assigns responsibility for enforcement to the Prime Minister and relevant ministers and states that the law would take effect the day after its publication in the Official Gazette.

The committee also amended the preamble, removing reference to the Excise Tax Law to keep the draft focused solely on the VAT Law issued by Decree-Law No. 48 of 2018, as amended by Law No. 33 of 2021, alongside the Constitution.

However, the government has urged MPs to reconsider the proposal. In a memorandum, it argued that linking VAT relief to personal income creates practical and legal difficulties because VAT is an indirect tax collected and accounted for by registered businesses, even though consumers ultimately bear the cost.

Tying the exemption to a consumer's income, it said, raises questions about how such relief would be applied in everyday transactions and who would legally qualify as exempt.

The government also

noted that the original wording referring to "all taxes" highlighted broader drafting concerns, as different taxes operate under different rules and cannot be uniformly linked to a single income threshold.

It further argued that the proposal's social objective is already addressed under the current VAT framework, which zero-rates or exempts many essential goods and services. Bahrain also does not impose a general income tax on individuals.

Another concern relates to regional obligations. The government said the proposal may conflict with the GCC Unified VAT Agreement and the Unified Excise Tax Agreement, which define exemptions without reference to personal income. It added that excise taxes are designed to discourage the consumption of harmful or luxury goods, and reducing their cost for lower-income consumers would undermine that objective.

Despite the objections, the Financial and Economic Affairs Committee recommended approval in principle and referred the revised VAT-only proposal to Parliament for debate.



The Secretary-General of the Council for International Dispute Resolution of the Kingdom of Bahrain, Professor Marike Petran Paulsson, paid an official visit to the Suriname Arbitration Institute (SAI), where she met with members of the Board to discuss future collaboration in arbitration and alternative dispute resolution. The meeting was attended by members of the SAI Board, including Dr. Ferdinand Welzijn, former Minister of Justice and Police of the Republic of Suriname, and Willem van Baren, former President of the Netherlands Arbitration Institute.

Salary delays face legislative review



Hasan Barakat
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ments, the penalties imposed on non-compliant employers and whether existing labour protections are effective.

Delayed wage payments by companies will come under scrutiny during the Nineteenth Ordinary Session of the Fourth Annual Meeting of the Sixth Legislative Chapter, as MPs seek answers from the Ministry of Labour.

MP Hesham Abdulaziz Al Awadhi has requested clarification on how the ministry monitors late salary pay-

ment.

Lawmakers are expected to stress that paying wages on time is a legal obligation, not a discretionary matter, and that delays directly affect family stability and confidence in the labour market.

The session is set to examine whether current enforcement measures are strong enough to deter repeat violations.

Draft law calls for new aid fund for low-income Bahrainis

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A proposal to create a dedicated financial support account for low-income citizens is set to come before Parliament, bringing targeted social assistance mechanisms into focus.

The draft law, submitted by MP Dr Ali Majed Al Nuaimi and reviewed by the Services Committee, calls for the establishment of a structured fund to provide financial support to citizens with limited incomes.

The proposal aims to introduce a clear administrative

and financial framework for distributing aid, with a view to strengthening transparency and accountability. Lawmakers are expected to examine potential funding sources, eligibility criteria and oversight arrangements to ensure the scheme aligns with existing social protection

policies. The move comes amid continued parliamentary concern over income stability and living standards. MPs are likely to consider whether a standalone support account would streamline assistance delivery or risk duplicating current welfare programmes.

One graduate per 50 employees rule under Parliamentary review

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A Shura Council proposal set for debate in Parliament on Tuesday would require companies with 50 or more employees to hire university graduates nominated by the Ministry of Labour for on-the-job training of at least three months—at a rate of one trainee per 50 workers.

The Council's Services Committee has recommended rejecting the amendment, saying the requirement is already covered by existing law.

In its report, the committee noted that Article 16 of the current law already obliges employers to train jobseekers in certain professions, with the number of trainees and training conditions determined by ministerial decisions. The committee said the existing law applies to all companies, regardless of size, and to jobseekers with different qualifications. In contrast, the new proposal would limit the obligation to university graduates and only to larger firms, while repeating rules on training allowances already included

elsewhere in the law. The Financial and Economic Affairs Committee, however, said the proposal is important and would not require public funding, noting that on-the-job training is already supported by the Ministry of Labour through the Labour Fund, Tamkeen.

The government urged MPs to reconsider, arguing the draft adds no new rules and that current laws already cover the same objectives. Tamkeen agreed, saying the aims of the proposal are already part of its remit.

The Bahrain Chamber of

Commerce and Industry said existing legislation already meets the goal but cautioned that the draft does not clarify potential costs for employers, including social insurance registration and other operational expenses.

Labour groups offered mixed reactions. The General Federation of Bahrain Trade Unions welcomed a greater private-sector role in training and hiring, saying it could help graduates enter the workforce sooner and help companies identify talent. The Bahrain Free Labour Unions Federation (Al Hurr) also

Mamoud Al Saleh,
Chairman of
Parliament's
Services
Committee

supported the draft. MPs are expected to debate the amendment on Tuesday, with the Services Committee recommending rejection and the government arguing that current laws already impose similar obligations.

