

Bahrain

1. This report is Bahrain's first annual peer review report. Consistent with the agreed methodology this report covers: (i) the domestic legal and administrative framework, (ii) the exchange of information framework as well as (iii) the appropriate use of CbC reports. There is no filing obligation for a CbC report in Bahrain yet.

Summary of key findings

2. Bahrain does not yet have legislation in place for implementing the BEPS Action 13 minimum standard. Bahrain reports that it is in the preliminary stages of drafting legislation and expects to have this in place by the end of 2019. It is recommended that Bahrain take steps to implement a domestic legal and administrative framework to impose and enforce CbC reporting requirements as soon as possible.

3. It is recommended that Bahrain take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bahrain has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.

4. It is recommended that Bahrain take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference (OECD, 2017^[2]) relating to the exchange of information framework ahead of the first exchanges of information.

5. It is however noted that Bahrain will not be exchanging CbC reports in 2019.

Part A: The domestic legal and administrative framework

6. Bahrain does not yet have legislation in place for implementing the BEPS Action 13 minimum standard. Bahrain reports that it is in the preliminary stages of drafting legislation and expects to have this in place by the end of 2019.

(a) Parent entity filing obligation

(b) Scope and timing of parent entity filing

(c) Limitation on local filing obligation

(d) Limitation on local filing in case of surrogate filing

(e) Effective implementation

7. Bahrain does not yet have its legal and administrative framework in place to implement CbC Reporting and thus does not implement CbC Reporting requirements for the 2017 fiscal year.

8. It is recommended that Bahrain take steps to implement a domestic legal and administrative framework to impose and enforce CbC reporting requirements as soon as possible.

Conclusion

9. In respect of paragraph 8 of the terms of reference, Bahrain does not yet have a complete domestic legal and administrative framework to impose and enforce CbC requirements on the Ultimate Parent Entity of an MNE Group that is resident for tax purposes in Bahrain. It is recommended that Bahrain take steps to implement a domestic legal and administrative framework to impose and enforce CbC reporting requirements as soon as possible.

Part B: The exchange of information framework

(a) Exchange of information framework

10. As of 31 May 2019, Bahrain has no bilateral relationships in place for the exchange of CbC reports. It is recommended that Bahrain take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bahrain has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.

(b) Content of information exchanged

11. Bahrain does not have processes or written procedures in place that are intended to ensure that each of the mandatory fields of information required in the CbC reporting template is present in the information exchanged.

(c) Completeness of exchanges

12. Bahrain does not have processes or written procedures in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs.

(d) Timeliness of exchanges

13. Bahrain does not have processes or written procedures in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference.

(e) Temporary suspension of exchange or termination of QCAA

14. Bahrain does not have processes or written procedures in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

15. Bahrain does not have processes or written procedures in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure.

(g) Format for information exchange

16. Bahrain has not confirmed the format that will be used for the international exchange of CbC reports.

(h) Method for transmission

17. Bahrain has not indicated that it uses the Common Transmission System, or any other mechanism, to exchange CbC reports.

Conclusion

18. It is recommended that Bahrain take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bahrain has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.

19. Further, it is recommended that Bahrain take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating (OECD, 2017^[2]) to the exchange of information framework ahead of its first exchanges of information. It is however noted that Bahrain will not be exchanging CbC reports in 2019.

Part C: Appropriate use

20. Bahrain is a non-reciprocal jurisdiction and, as such, will not receive CbC reports submitted to tax authorities in other jurisdictions, and will not apply local filing. It is therefore not necessary for this peer review evaluation to reach any conclusions with respect to appropriate use of the reports.

Conclusion

21. Bahrain is a non-reciprocal jurisdiction and, as such, will not receive CbC reports submitted to tax authorities in other jurisdictions, and will not apply local filing. It is therefore not necessary for this peer review evaluation to reach any conclusions with respect to Bahrain's compliance with paragraphs 11(a), (b), (c) and (d) and paragraph 12(a) of the terms of reference on appropriate use.

Summary of recommendations on the implementation of Country-by-Country Reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	It is recommended that Bahrain take steps to implement a domestic legal and administrative framework to impose and enforce CbC requirements as soon as possible.
Part B	Exchange of information framework	It is recommended that Bahrain take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions and with which Bahrain has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.
Part B	Exchange of information framework	It is recommended that Bahrain take steps to implement processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.
Part C	Appropriate use	-



From:

Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2)

Inclusive Framework on BEPS: Action 13

Access the complete publication at:

<https://doi.org/10.1787/f9bf1157-en>

Please cite this chapter as:

OECD (2019), “Bahrain”, in *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/99b00be6-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.