15th October 2019

To All Owners Associations Managers ..

The following are the guidelines provided by the National Bureau for Revenue of how Owners Associations should implement VAT rules while complying with Law No.27 of 2017 and Resolution No.7 of 2018 regulating Owners’ Associations and joint properties.

- For VAT purpose, Owners’ Associations are not conducting an economic activity, when they do the basic duties of legally representing all owners and
managing the common areas, and thus the invoices for service charges collected are not subject to VAT.

- Where an Owners’ Associations conducts any commercial activity other than the basic activities, continuously and regularly, for the purpose of gaining profit, then this will be considered an economic activity and may lead to registering such Owners’ Associations as a taxable entity. VAT applies if the annual revenue from those activities reaches the VAT registration threshold. In that case OAs will have to contact NBR to check.

- In case the Owners’ Associations engages an Owners’ Associations Manager (Third Party), to do the daily management activities on its behalf, Owners’ Associations will have to pay (5%) VAT to the Third Party, if the Third Party is a registered VAT entity, or according to the type of the service provided.

For further clarification, you are kindly requested to visit www.nbr.gov.bh.

(Click here to review NBR’s response letter in Arabic)

For any questions related to Owners’ Associations, please contact OA@rera.gov.bh.

Regards,
Real Estate Regulatory Authority
Strategic Planning and Policy Directorate