

Bahrain Pillar 2 update

DMTT Advance Payment Manual released on 2
July 2025



Scope of DMTT advance payments

On 02 July 2025, the Kingdom of Bahrain, as a part of inclusive framework of OECD BEPS [agreed at minimum of 15% tax], introduced the Domestic Minimum Top-Up Tax ('DMTT') advance payment manual providing a general overview of the procedures and guidance for Filing Constituent Entities on using the National Bureau for Revenue ('NBR') online portal and related forms

MNE Group with annual revenue of the Group Euro 750 million for 2 of 4 preceding years



Revenue Test

Bahrain located Constituent Entities of a MNE Group meeting the Revenue Test must appoint an Entity among them



Filing Constituent Entity

Excluded Entities are not subject to DMTT but their revenue counts toward meeting the Revenue Test



Excluded Entities

- If an entity elects an exclusion such as the "Transitional Safe Harbour" or "De Minimis", or "Initial Phase of International Activity" during registration, it is not required to declare or settle advance payments
- However, if the entity's circumstances change and it no longer qualifies for the selected exclusion, the entity must update its registration details to remove the exclusion before making any payments
- At the time of filing the DMTT tax return, if the entity qualifies for an exclusion for the fiscal year, its DMTT liability is considered zero, and it may request a refund for any advance payments made for that year

Responsibility of filing constituent entity ("FCE")

- ❑ Making quarterly advance payments throughout the year
- ❑ filing the tax return at year-end along with any remaining balance
- ❑ payments are due after each three-month period, starting from the first day of the fiscal year. If the fiscal year cannot be evenly divided into three-month periods, the final period will be shorter and cover the remaining months
- ❑ Has 60 days after the end of each advance payment period to declare and pay the due amount
- ❑ Payments made after the deadline are subject to penalties under Article 28 of Decree-Law No. 11 of 2024



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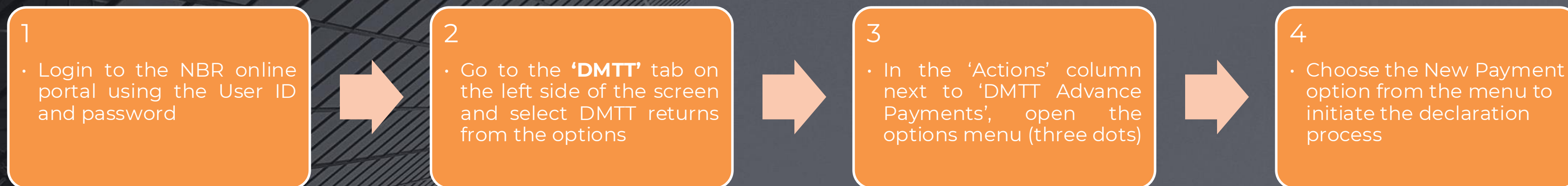
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DMTT Advance Payment Process

Before starting the DMTT advance payment process, the FCE should read the instructions and select the 'I Agree' checkbox to proceed; all mandatory fields are marked with a red asterisk (*). If the MNE Group is not required to make an advance payment, this obligation will not appear on the Filing Constituent Entity's tax portal



Advance payments can be made via Bahrain's National Portal (Bahrain.bh) or Fawateer, using the reference number generated upon submission of the payment form. To access the advance payment details, two pieces of information are required: the reference number of the advance payment form and the Filing Constituent Entity's account number. When declaring an advance payment, the filing constituent entity must provide the following:

The FCE must select the preferred method in the '**Estimation Methodology**' (one of the two estimation methods prescribed by the NBR:) field when submitting the first advance payment. This choice is final and applies to all advance payments for the fiscal year. (Article 70 of the Executive Regulation and Decree Law No. 11 of 2024,)

Prior year method

OR

Current year method

AND

Once the Filing Constituent Entity selects the estimation methodology, it must enter the estimated tax in the 'Quarterly Tax Liability (BHD)' field. This amount must be fully paid using the reference number generated by the due date, to avoid penalties. Although partial payments are allowed, the full amount declared must be paid within the prescribed deadline

After submission, a confirmation screen will display "Form submitted successfully" along with a reference number for payment



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Key Takeaways for the Taxpayer

Evaluate whether the group is in scope and draw a road map with requirements and timelines considering the view of all the stakeholders

Assess the eligibility to avail relief under safe harbours or exclusions

Ensure the implementation of plan for timely compliance of quarterly, yearly advance payments and filing of tax returns

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