SW TENET

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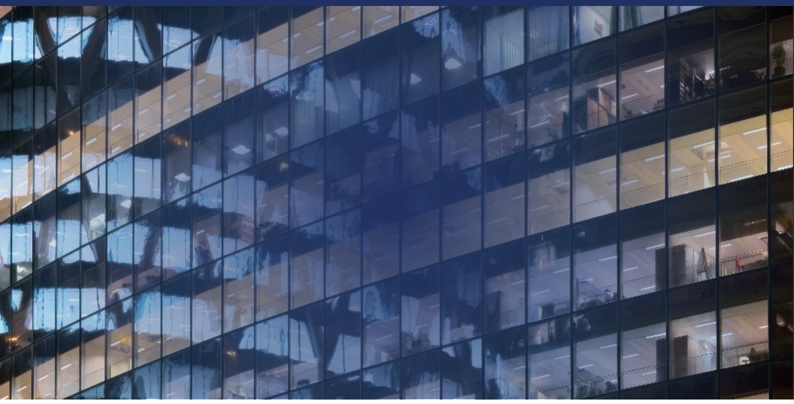

Bahrain: NBR issues first TP Guide for MNEs

Assessment methods and documentation (Local File and Master File) have been clarified

July 2026

In June the National Bureau for Revenue (NBR) of Bahrain issued its first Transfer Pricing (TP) Guide under the Domestic Minimum Top-Up Tax (DMTT) framework. The document provides guidance on Transfer Pricing for members of Multinational Enterprise (MNE) groups that fall within the scope of the Bahrain DMTT Law and its Executive Regulations. The DMTT Law applies to MNE group companies located in Bahrain, provided that the group meets the revenue threshold test of EUR 750 million.

Pursuant to the DMTT Law, transactions or agreements subject to TP analysis must cover all transactions and agreements between legal entities and other legal entities, as well as any joint ventures or subsidiaries located in different jurisdictions, provided that they are all members of the same MNE. Transactions or agreements between companies located in Bahrain are not covered by TP controls, except for transactions related to the sale or transfer of assets.

In accordance with the issued Guide, applying the arm’s length principle requires a detailed analysis of the specifics of the transaction or agreement between related parties (controlled transactions) and an assessment of whether the conditions differ from those that would be in comparable situations between independent parties (uncontrolled transactions).

The rules (in accordance with current OECD transfer pricing principles) establish specific methods for applying the principle of comparability under the DMTT Law, including:

- The comparable uncontrolled transaction method (CUP)
- The resale price method (RPM)
- The cost plus method (CPM)
- The transactional net margin method (TNMM)
- The profit split method (PSM)

According to the published TP Guide, legal entities located in Bahrain and which are parties to the transaction or agreements with another related party of the same MNE group should prepare and maintain the Local File and Master File in the manner prescribed by the Executive Regulations and the TP Guide.

Local File

The Local File is TP documentation that should disclose detailed information on specific controlled transactions or agreements for the reporting period, including:

- information on related parties
- financial data
- comparability analysis
- selection of the best TP method
- economic analysis

Master File

The Master File is a component of TP documentation developed to provide a comprehensive overview of global business operations and TP policy in the MNE Group. The Master File includes information on key factors affecting value, as well as the global distribution of revenue and economic activity. The main purpose of the Master File is to provide information on the practices of the MNE group within its global economic, legal, financial, and tax structures.

The TP Guide covers only the requirements and content of the Local File and Master File. It does not specify the deadlines for preparing and/or submitting documents, since these issues will be determined by the effective DMTT law of Bahrain, which currently does not stipulate any deadlines for submitting TP documentation.

How can we help?

In our work on cross-border transactions, we apply a unified methodology that complies with the legal requirements of both the UAE and any other countries where you operate. We have all the necessary databases at our disposal, as well as our own in-house tools – including a solution for Country-by-Country Reporting.

The SW Tenet team will be happy to answer any questions you may have in detail and to provide support in the following areas:

- Benchmarking studies
- TP compliance
- TP methodologies for a wide range of cross-border transactions
- Value chain analysis and management
- Local and Master file preparation
- Transfer pricing in a changing business environment

Contacts

Olga Pletneva
Partner

T: +971 4 269 1878
E: opletneva@tenetcons.com