Recent Pillar Two Developments in Bahrain

August 2026

In brief

In August 2026, the National Bureau for Revenue ("NBR") published the Domestic Minimum Top-up Tax ("DMTT") Return Filing Manual. The manual can be found on the NBR website: NBR website.

The manual provides practical guidance on the DMTT return process, including the Revenue Test Notification, DMTT Return, Information Schedule, Tax Computation Schedule, filing through the NBR portal, payment and refunds.

Below we summarise some of the key requirements for multinational enterprise ("MNE") groups operating in Bahrain.

In detail

Annual Revenue Test Notification

Every Filing Constituent Entity ("CE") registered for DMTT purposes in Bahrain must submit a Revenue Test Notification for each Reporting Fiscal Year for which it is registered. The notification determines whether the MNE Group meets the revenue threshold. Broadly, the threshold is met where the MNE Group's annual consolidated revenue is EUR 750 million or more in at least two of the four Fiscal Years immediately preceding the relevant Reporting Fiscal Year.

If the Group is in scope, the Filing CE must proceed with the DMTT Return. If the Group is out of scope, it may choose not to file the DMTT Return for that year. Advance payments may be credited to the entity's DMTT account, with excess tax potentially available for refund or offset.

PwC observation

The Revenue Test Notification is the first step in the annual DMTT filing process and must be completed in order to access the DMTT Tax Return for the relevant Reporting Fiscal Year.

DMTT Return

The DMTT Tax Return is made up of three main sections:

- Central Filing Notification - confirms whether the Information Schedule will be submitted through central filing in another qualifying jurisdiction.

- Information Schedule - contains the relevant information on the MNE Group, Constituent Entities and, where applicable, Joint Ventures and Joint Venture Subsidiaries. This must be submitted if the MNE Group did not opt for Central Filing of the Information Schedule.

- Tax Computation Schedule - captures the self-assessment of the Bahrain DMTT liability for the relevant Fiscal Year.

In detail (cont.)

Central Filing Notification

A Filing CE may opt for Central Filing where the Information Schedule will be submitted in another jurisdiction that has a Qualifying Competent Authority Agreement in effect with Bahrain for the relevant Reporting Fiscal Year.

Where Central Filing is selected, specified information must still be provided in Bahrain, including information on the MNE Group, relevant contact persons, the Ultimate Parent Entity (“UPE”) and, where applicable, the Designated Filing Entity.

The GloBE Information Return (“GIR”) is expected to be received by the NBR through its International Tax Information Exchange System. Once received, the GIR will populate the Information Schedule and will be available to the Filing Constituent Entity in view-only mode.

If the GIR is not received within three months after the DMTT Tax Return submission deadline, the obligation to complete the Information Schedule is reinstated. The Filing CE must then update the DMTT Tax Return and complete the Information Schedule locally.

PwC observation

Groups relying on central filing should confirm that the relevant exchange arrangement with Bahrain is in place and monitor whether the GIR is successfully received by the NBR.

GIR filed in Bahrain versus a Local DMTT Information Schedule

Where the Information Schedule is filed locally in Bahrain, the Manual provides two alternatives:

- GIR - the full GIR containing standardised information across the jurisdictions in which the MNE Group operates. If selected, the NBR will exchange the GIR with relevant jurisdictions that have an effective Qualifying Competent Authority Agreement with Bahrain; or
- Local DMTT Information Schedule - a Bahrain-specific information return focused on the information needed to determine the Group's DMTT liability in Bahrain. The Local DMTT Information Schedule is not exchanged with other jurisdictions.

PwC observation

The two filing options differ mainly in their scope and how the information is used. The GIR contains broader Group-level information and may be exchanged by the NBR with relevant jurisdictions, while the Local DMTT Information Schedule is focused on Bahrain DMTT information and is not exchanged with other jurisdictions.

In detail (cont.)

XML filing requirements

The Information Schedule must generally be prepared and submitted in XML format in line with the OECD GIR XML schema. The XML file must meet the required structure, naming conventions, data formats, mandatory fields and validation rules. Files with structural errors, missing mandatory information or invalid data types will be rejected by the portal.

Once a valid XML file is uploaded, its contents are automatically populated into the relevant Information Schedule pages and made available in view mode.

Where an entity has technical difficulties generating an appropriate XML file, the NBR may, upon request, permit manual completion through the portal.

PwC observation

Groups should ensure that they have the necessary processes and systems in place to prepare the Information Schedule in the required XML format. Testing the XML file ahead of the filing deadline will be important to identify and resolve any validation issues and reduce the risk of delays or rejected submissions.

Tax Computation Schedule and determination of Bahrain DMTT

The Tax Computation Schedule is the charging mechanism for Bahrain DMTT and contains the Filing CE's self-assessment of the DMTT due for the relevant Fiscal Year. The annual DMTT bill is generated based on the amounts reported in this schedule.

The Filing CE must report the annual DMTT liability captured in the Information Schedule for each applicable subgroup/category in Bahrain, covering Constituent Entities, Stateless Entities, Investment Entities and Minority-Owned Constituent Entities.

PwC observation

As the Tax Computation Schedule determines the final DMTT liability reported to the NBR, Groups should ensure that the underlying calculations are complete, accurate and supported by appropriate documentation before submission.

Advance payments and DMTT credits

The final liability calculation takes into account the total Bahrain DMTT amount due, advance payments made for the Fiscal Year and available DMTT credits.

A positive final amount represents DMTT payable for the Reporting Fiscal Year. If advance payments exceed the DMTT liability, the excess may be reflected as Excess Tax Credits in the Filing CE's DMTT account.

PwC observation

MNE Groups should reconcile the DMTT liability against advance payments and any available DMTT credits before filing, as these amounts directly affect the final tax payable. Particular attention should be given to ensuring that all payments and credits are correctly reflected in the Filing CE's DMTT account. Where advance payments exceed the final liability, the resulting Excess Tax Credits should also be tracked for subsequent use or refund, as applicable.

In detail (cont.)

Adjustments relating to previous years

Where changes to Adjusted Covered Taxes or Constituent Entity Income or Loss require or allow the ETR and DMTT liability for a previous Fiscal Year to be recomputed, any resulting Additional Current Tax must be reflected through the current DMTT compliance process, as applicable. The DMTT Tax Return for the previous Fiscal Year is not amended.

PwC observation

Prior-year adjustments can affect the DMTT liability reported in a later Fiscal Year without requiring amendment of the original DMTT return. MNE Groups should therefore maintain a process for identifying and tracking changes to prior-year tax and financial information and ensure that any resulting Additional Current Tax is appropriately reflected in both the Information Schedule and the DMTT computation.

Key takeaways and immediate actions

In-scope MNE Groups should use the Manual to prepare for the practical data, technology and governance requirements associated with the DMTT filing process. Key actions include:

- Coordinate with the UPE / Group reporting team to obtain the information required for the Annual Revenue Test Notification and ensure consistency with Group-level reporting.
- Determine the appropriate Information Schedule filing approach, including whether to rely on central filing or submit a GIR or Local DMTT Information Schedule in Bahrain.
- Gather, prepare and validate the data required for the Information Schedule and Tax Computation Schedule, including information for each applicable subgroup.
- Ensure the Group can generate and validate an OECD GIR XML schema-compliant file, where applicable.
- Establish an appropriate review and sign-off process to ensure consistency across the Information Schedule, Tax Computation Schedule and supporting calculations before submission.

How can we help

MNE Groups operating in Bahrain should plan ahead and ensure they are prepared to meet the Bahrain DMTT compliance and filing requirements. Our team is supporting businesses across the region with Pillar Two and DMTT compliance, as well as related data, systems and process requirements.

Speak to our team to discuss what the Bahrain DMTT filing requirements mean for your Group and the actions to consider.

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