

# **Table of Contents**

Chapter 1: Exploring the startup sphere	····· 5		
I. The Bahraini entrepreneurial ecosystem	6		
1. Startup definition	6		
2. Promising sectors in Bahrain	7		
3. Bahrain startup scene	9		
Chapter 2: Beginning your entrepreneurial journey	2: Beginning your entrepreneurial journey 10		
I. Guiding steps to launch a startup in Bahrain	11		
1. Country specific legal structures	11		
2. Legal steps	12		
II. Other country specific considerations	23		
1. Considerations for foreign investors	23		
2. Al-Tajir app ·····	24		
3. Tax regime ·····	25		
4. Tax compliance requirements	26		
5. Financial reporting and auditing regulations	26		
6. The Saudi center for investment	26		
7. Crowdfunding ······	27		
Chapter 3: Navigating startup regulations and incentives	<b>28</b>		
I. Government incentives	29		
1. Tax incentives	29		
2. Non-tax financial incentives	30		
3. Special Economic Zones	34		
II. Labor and immigration regulations and facilitations	36		
Employment practices and work permits	36		
2. Investor visa	37		
III. Data protection	38		
IV. Intellectual property	39		
1. Patents ·····	39		
2. Trademarks	41		
3. Industrial designs	42		
V. Key support organizations and initiatives (not exhaustive)	43		
Reference list	45		



Table of contents 3

### **Appendix**

Appendix 1: Launching your startup: key success factors ······	47
Appendix 2: What type of support to expect at each stage of a startup lifecycle	48



Disclaimer



### Disclaimer

The Digital Cooperation Organization, hereinafter "DCO" has prepared this Startup Guide as a resource for entrepreneurs and business owners seeking information and guidance in the early stages of establishing a new venture. While every effort has been made to ensure accuracy and relevance of the information provided, DCO makes no representation or warranties of any kind, express or implied, about the completeness, accuracy, reliability, suitability, or availability of the information contained in this guide.

The information provided in this guide is intended for general informational purposes only and should not be considered as professional advice. Readers are advised to consult with qualified professionals, such as legal, financial, or business advisors, to obtain specific advice tailored to their individual circumstances. DCO disclaims any liability for any actions taken or not taken based on the information provided in this guide.

This start-up guide may include references to third-party websites, tools, products, or services. DCO does not endorse, control, or guarantee the accuracy, relevance, or availability of such external resources. Users are encouraged to independently verify the information and use their discretion when engaging with third-party services.

DCO reserves the right to update, modify or remove content from this guide without prior notice. The publication of this guide does not create a consultant-client relationship between DCO and the user.

The use of this guide is at the user's sole risk. Under no circumstances shall DCO be liable for any loss, damage, including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from the use of this guide.

Unless expressly stated otherwise, the findings, interpretations and conclusions expressed in this guide do not necessarily represent the views of the Digital Cooperation Organization or its member states.

By accessing and using this start-up guide, the reader acknowledges and agrees to the terms of this disclaimer, which is subject to change without notice, and any updates will be effective upon posting.





## I. The Bahraini entrepreneurial ecosystem

Bahrain's position as a jurisdiction free from and corporate income taxes, combined with its diverse and multicultural society, creates a compelling and advantageous setting for entrepreneurial activities, especially for startups. The government's dedicated initiatives in fostering innovation and entrepreneurship form the cornerstone of this thriving ecosystem. This strategic direction aligns with Bahrain's broader goals to significantly diversify its oil-dependent economy, with key focus areas encompassing financial services, ICT, education, logistics, technology, and tourism.

To facilitate this transition, the government has further enhanced the ease of doing business through pioneering platforms like <u>Sijili</u> and <u>Sijilat</u>. These platforms serve as comprehensive repositories of up-to-date regulations and guiding documents. They ensure seamless support for local or foreign entrepreneurs interested in investing in Bahrain irrespective of their location or the time they require assistance.

In this dynamic business environment, Bahrain provides a wide range of enterprise support mechanisms and incentives. These include attractive financing instruments, regulatory frameworks conducive to business growth, attractive subsidies (e.g., salary subsidies, land subsidies), innovation hubs, and various other resources. As compared to neighboring countries, most operational costs in Bahrain including those of utilities such as electricity and internet are lower, which provides competitive advantage to startups and entrepreneurs. As a result, the country has actively cultivated its startup ecosystem, positioning itself as an emerging epicenter for entrepreneurship and innovation within the region.

### 1. Startup definition

Overall, a startup is an innovative venture with the potential for high growth, driven by technology and characterized by having a functional prototype and a scalable, repeatable business model. Startups are founded to explore creative ideas, often centered around technology, and to capitalize on emerging market opportunities.





In Bahrain, specific definitions pertaining to startups can be located within various government programs and initiatives, such as those led by the Economic Development Board and the StartUp Bahrain initiative. Although, a formal legal framework that precisely outlines the parameters of startups within its legislative framework, is

The government has recently embarked on a series of regulatory enhancements with the explicit goal of nurturing startup growth. These measures include the refinement of regulatory frameworks relevant to venture capital and crowdfunding.

A comprehensive array of initiatives, driven by both public and private stakeholders, have been instituted to facilitate the establishment and operation of startups. These initiatives encompass a spectrum of provisions, including the establishment of startup incubators and accelerators, along with the introduction of investment funds and grants designed to specifically support Small and Medium Enterprises (SMEs), with startups as a prime focus. The eligibility criteria for participation in these programs typically adhere to the distinct requirements set forth by each individual initiative.

### 2. Promising sectors in Bahrain



#### FinTech

One of the most influential sectors in the Bahraini economy and one that massively shapes its startup landscape is fintech. As the intersection of finance and technology, fintech is experiencing unprecedented global growth. Leading this digital transformation, Bahrain continually evolves its wellestablished financial services ecosystem to create opportunities for fintech ventures and global financial institutions with a digital agenda. Bahrain FinTech Bay, offers facilities such as dedicated coworking spaces, innovation labs, advisory services, and collaboration platforms. Bahrain's FinTech ecosystem transformation is driven by unmatched regulatory reforms, fostering the growth of emerging industries including crowdfunding, InsurTech, roboadvice, and crypto-asset platforms. The Central Bank of Bahrain (CBB) consistently reforms policies to funding, enhance the activity, quality, competitiveness of financial sector services.

In 2016, the CBB pioneered a regulatory sandbox that allows fintech firms and digitally focused financial institutions globally to test new products and services in Bahrain. This initiative has nurtured numerous innovative fintech businesses since its inception. Additionally, the CBB has plans to introduce crowdfunding regulations to support the establishment and growth of equity, debt-based, and Shariah-compliant crowdfunding activities.



#### 🧑 Software and Data

The Software & Data sector is central to Bahrain's economic growth and innovation plans, boosting multiple other sectors and enhancing public services. Bahrain's ICT market is projected to grow from USD 4.3 Billion in 2021 to USD 6.3 Billion by 2026, with a compound annual growth rate (CAGR) of 8.1%. Global software a data companies favor Bahrain as a hub due to its talent pool, cost competitiveness, favorable ownership structures, advanced infrastructure, national policies, and strategic location. Recognized as a priority sector, the software & data industry plays a crucial role in enhancing economic growth, diversification, and resilience under the Bahrain Economic Recovery Plan.

Bahraini Government offers foreign investors in the ICT sector 100% business ownership. Cloud traffic in the MENA region is also outpacing the rest of the world. As the first Gulf country to implement a nationwide 'cloud-first' policy, Bahrain is perfectly positioned to capitalize on the resulting ICT opportunities in business services outsourcing, cybersecurity, digital entertainment, gaming, and ecommerce.

The Ministry Transportation and **Telecommunications** (MoTT) leads sector **Telecommunications** development, with the Regulatory Authority (TRA) regulating the market under the Telecommunications Law of 2002, and the Information & eGovernment Authority (iGA) setting policies and guidelines.



Bahrain's highly connected economy and young, digitally adept population make it an exceptional test market for financial tech startups and scale-ups. This dynamic environment enables them to launch, secure funding, and expand into regional and global markets.

#### Book EdTech

The third sector that is shaping the startup ecosystem is Edtech. Investment in this sector is rapidly growing, presenting valuable opportunities for international education startups and companies targeting the Gulf Cooperation Council (GCC) market. With a dynamic economy, high demand for quality education, and a pro-business stance, Bahrain offers significant prospects for Edtech startups, particularly in specialized higher education and executive training. The government aims to position Bahrain as a regional education hub, attracting students from the Gulf region and beyond, and fostering an ecosystem to support startups in this sector.

The Bahrain Economic Vision 2030 emphasizes developing human capital and supporting the private sector. Additionally, the Bahrain Regulatory Sandbox allows startups, including those operating in Edtech, to test innovative solutions in a controlled environment.

Launched in January 2022, the Telecommunications, ICT, and Digital Economy Sector Strategy 2022-2026 aims to position Bahrain as a regional digital innovation center. The plan targets a 35% increase in national ICT employment, training 20,000 citizens in cybersecurity, achieving blanket broadband coverage, and increasing startups by 20%.

Bahrain ranks 1<sup>st</sup> globally in several key areas according to the Portulans Institute & Partners' Network Readiness Index (NRI) 2023, including population coverage by at least a 3G mobile network, internet access in schools, and e-commerce legislation. Additionally, Bahrain holds the 6<sup>th</sup> position globally in terms of investments in telecommunications, as reported in the 2022 IMD World Competitiveness Rankings. Bahrain also ranks first globally for digital literacy, according to the 2021 Inclusive Internet Index. Bahrain ranks first globally for digital literacy, according to the 2021 Inclusive Internet Index.





### 3. Bahrain startup scene

To provide a comprehensive insight into the startup scene of Bahrain, the data below is built upon a synthesis of data sourced from reputable platforms. It provides an approximate count of the Startup Support Organizations (SSOs), i.e., incubators, accelerators, and coworking spaces, currently in operation.

#### Bahrain's top startup industry sectors by number of startups<sup>1</sup>

- FinTech
- Software & Data
- EdTech

#### Startup ecosystem in numbers

- Funding capital raised by startups<sup>2</sup>: USD 136 Million
- Number of startups<sup>3</sup>: 169
- Number of incubators<sup>4</sup>: 25
- Number of accelerators<sup>4</sup>: 5
- Number of coworking spaces<sup>4</sup>: 5

#### Entrepreneurship and Innovation in Bahrain: Indexes and Rankings (2023)

Index	Ranking	Index
siness environment⁵	7	Knowledge workers⁵
onomic freedom <sup>6</sup>	62	Mobile app creation⁵
obal innovation⁵	67	Operational stability for business <sup>5</sup>
obal knowledge <sup>7</sup>	56	Regulatory environment⁵
access <sup>5</sup>	3	State of cluster development⁵
novation linkages⁵	49	





# I. Guiding steps to launch a startup in Bahrain

### 1. Country specific legal structures

In Bahrain, most entrepreneurs choose among distinct types of legal structures. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are business legal structures for entrepreneurs, listed from single-owner setups to entities suitable for numerous shareholders:

- A single person company.
- A With Limited Liability Company (WLL/LLC).
- Limited by Shares Company.
- Limited Partnership Company.
- Bahrain Shareholding Company (B.S.C.) public
- Bahrain Shareholding Company (B.S.C.) closed
- · Branch of a foreign Company

The With Limited Liability Company (WLL/LLC) is the favored business structure in Bahrain. This arises from the inherent advantage that this structure offers, limiting the liability of owners and shareholders to their proportionate share of invested capital, thereby safeguarding their personal assets. A With Limited Liability Company (WLL/LLC) possesses share capital, and the responsibility of its members is restricted, as outlined in its memorandum of association, to any outstanding amounts for the shares they own. A With Limited Liability Company (WLL/LLC) is required to have a minimum of one (1) shareholder but no more than fifty (50) who can be natural persons or corporate legal entities. Additionally, since 2016, the Ministry of Industry and Commerce (MoIC) has taken the strategic step to eliminate the prerequisite for minimum capital requirement across various legal structures. This has not only reduced costs and encouraged entrepreneurs with capital constraints to startup but has also significantly streamlined the processes involved in the initiation and management of companies, including startups.

For additional details and advantages related to legal structures in Bahrain, kindly refer to this <u>page</u> on the <u>Sijilat website</u>. You may also explore comprehensive <u>legal notes and requirements</u> on the <u>Ministry of Industry and Commerce's website</u>.





### 2. Legal steps

The Government of Bahrain has streamlined its company registration process through the "Sijilat" platform, introduced by The Ministry of Industry and Commerce (MoIC). This platform serves as the tool for identifying the most appropriate business activity tailored to your specific requirements. Sijilat also acts as the online portal for initiating the commercial registration process. Depending on the chosen business activity, the relevant authorities will provide your startup with the necessary business licenses. To procure the commercial registration license certificate, visit the MoIC's Bahrain Investors Center, located at Bahrain Financial Harbor. The National Bureau of Revenue (NBR) offers comprehensive guidance and support throughout the Value-Added Tax (VAT) application process, ensuring full compliance and adherence to taxation regulations.

The registration process is estimated to take no more than three (3) working days for Bahraini, GCC, and US citizens, provided all necessary information is submitted. For other foreign investors, the process may take up to ten (10) working days after the competent authorities receive the required documents. The process is generally regarded as being uncomplicated and quick. The specific timeline may vary depending on the nature of the business and the legal framework in place. Below is an outline of the essential legal steps typically undertaken by both local and foreign entrepreneurs seeking to initiate a business in Bahrain.19 Please note that, in Bahrain, women are entitled to obtain permission to leave their household, including for entrepreneurial ventures, to be in lined with labor law. Please make sure permission and support are obtained in advance.





### Step 1: Browse business activities

Distinct terms and conditions apply to every business activity, depending on whether you are a Bahraini national or a non-national. It is recommended to visit the activity search section on the <u>Sijilat website</u> to identify the most adequate business activity for your specific needs and to assess your eligibility.

Should you require more comprehensive details regarding your chosen business activity, including insights into registration fees and the requisite procedures, we invite you to benefit from the <u>Business Advisory Service</u> or any of these <u>specialized services</u>. This service is designed to provide you with customized recommendations tailored to the unique demands of your enterprise.

### Step 2: Obtain an e-key

#### Standard e-key registration

The e-key represents a unified authentication system that confers access to a diverse array of e-services provided by the Bahraini government. It empowers users to engage with a multitude of e-services, eliminating the need for repetitive input of personal information with each service or transaction.

The standard electronic key can be promptly generated online and is instantaneously operational, thereby optimizing the user experience.

### Steps Ste

- 1 Visit the official <u>e-Key portal.</u>
- 2 Click on "Create my eKey".
- 3 Click on "Register Now for a Standard eKey".
- Enter your number, date of birth, the expiration date of your smart card, and your block number i.e., a number associated with an area (visit the <u>Bahraini Municipal Map</u> to identify or confirm your block number).
- Contact the national contact location at +973 80008001 for more information and guidance on the process, or visit the nearest service center, if you are located in Bahrain.

#### O Duration

**Immediate** 



Free



#### Advanced e-Key registration

The advanced e-key offers the highest level of security and access to all e-services, including those of the most confidential nature. The e-key offers a higher level of security that requires verification of the customer's ID card in addition to fingerprint authentication. To learn more about the different services allowed under the advanced e-key, visit <u>eKey</u> and choose 'eKey services'.

### Steps Ste

- 1 Visit an e-government service center at one of these <u>locations</u>.
- Provide the required personal details e.g., your name, date of birth, and a valid phone number.
- Present your smart card, i.e., a card issued by Bahraini government to citizens of GCC countries and authenticate your biometrics, i.e., fingerprints at the service center.

#### Requirements

- Due to the strict security protocols required to create an advanced e-key account, you will need to visit the nearest e-government/e-service center (in Seef Muharraq and CIO Isa Town).
- You may apply to Sijilat if you are a business partner or registered professional body with a letter of authorization to act on behalf of your members or an individual with notarized power of attorney.
- You must possess a Bahraini Smart Card.
- <sup>-</sup> If you have business associates, one of them can apply instead of you. For your reference, please refer to this <u>list</u> to find business support entities that can assist you.
- Please note that the related costs may vary. For updated information about the e-key, please visit the e-key website.

#### **Ouration**

**Immediate** 



Free



### Step 3: Obtain commercial registration license certificate

There are two (2) types of commercial registration certificates:

- 1. Commercial registration certificate without License: Issued prior to obtaining approvals/licenses for intended activities.
- 2. Commercial registration certificate with License: Issued after obtaining approvals/licenses for specific activities.

#### **Commercial registration without license**

The Ministry of Industry and Commerce (MoIC) extends a list of thirty-nine (39) activities that can be conducted without requiring a physical address for individual establishments (e.g., the single person company) through the Sijili service. Entrepreneurs have the option to obtain a specialized commercial registration known as a virtual commercial registration for these activities. For comprehensive details on these activities, you may refer to the provided manual on the MolC website.

If your intended activity aligns with the specified list, opting for an 'individual establishment' (e.g., the single person company) may not be the most suitable legal structure for launching your startup, considering the limitations associated with this legal entity (e.g., flexibility with adding shareholders). In such cases, it is still advisable to consider establishing a physical address and registering as an LLC/WWL.

Please be aware that commercial registrations without licenses have a validity period of one (1) year. Additionally, it is important to note that some commercial activities are reserved only for Bahraini nationals.

Visit the following <u>page</u> from the website of Sijilat to read the relevant commercial laws.

### Steps Ste

- 1 Visit the login portal of <u>Sijilat</u> (you will be prompted to login with an advanced e-Key).
- 2 Select "New Registration" option from the "Commercial Registration" menu.
- Enter the company and owner details e.g., name, nationality, and percentage of shares owned by each individual then save and proceed to the next step.
- 4 Select the type of company and the desired activities.
- 5 Enter your contact information i.e. your phone number and email address.
- 6 Upload the required documents and submit.

### Requirements

If you are neither a Bahraini national nor a resident, and you do not possess a national or resident ID card, you have the option to engage the services of a registered professional support entity, such as notaries, (for a list, please click <a href="here">here</a>) that is duly registered in Bahrain. This entity can assist you in submitting your application through the 'Sijilat' platform.



If the applicant serves as a director or authorized signatory but is not among the partners, it is imperative to furnish a power of attorney. This document authorizes the applicant to submit the application on behalf of the company.

#### **Documents**

- Visit the following page from Sijilat to download the templates.
- A letter of authorization, if the applicant is affiliated with one of the professional bodies registered at the <u>Ministry of Industry and Commerce (MoIC)</u>, or if the application is being submitted by the owner of an employee of the corporate partner.
- An official power of attorney if the applicant is a non-related party.
- A passport copy of partners, authorized persons, and board of directors.
- Partners resolution for WLL/LLC approving the incorporation of the company in Bahrain.
- An attested annual general meeting, extraordinary general meeting or board resolution approving the incorporation of the company in Bahrain, if the partner is a non-Bahraini company (optional).
- An attested copy of commercial registration if the partner is a non-Bahraini company (optional).
- An attested copy of the memorandum of association if the partner is a non-Bahraini company (optional).
- A no objection letter from the workplace, if the partner/authorized person/ board director is a private sector employee at the time of the application.

#### Ouration

- Bahraini nationals: Up to three (3) business days.
- Non-Bahraini nationals: Up to ten (10) working days (due to security clearance).

### S Cost

50 Bahraini Dinar (BHD).

#### Commercial registration certificate with license

The Commercial Registration License Certificate is an official document issued by the Ministry of Industry and Commerce (MoIC), confirming that all necessary prerequisites and licenses have been secured to engage in commercial activities. While an electronic version of the commercial registration is considered an official certificate, you can also obtain an original hard copy by visiting the MoIC's Bahrain Investors Center located at Bahrain Financial Harbor. This certificate holds a validity period of one (1) year from the date of issuance and must be renewed annually.



### Steps Ste

- 1 Visit the <u>Sijilat portal</u> and select 'Commercial registration' (CR).
- 2 Select your business activity from the options.
- 3 Select the business legal structure e.g., WLL, BSC, etc.
- Apply for commercial registration (CR) without license by filling in the online CR application.
- 5 Enter the required information e.g., business name, activities, phone number, and email.
- 6 Upload the required documents.
- 7 Select the CR type i.e., a new registration, renewal, or amendment.
- 8 Upload the required documents and submit.

#### **S** Cost

Original copy: 20 BHD

### Step 4: Obtain a business license

To initiate business operations with physical presence, entrepreneurs are required to obtain the requisite approvals and/or business licenses from the relevant licensing authorities. Following the successful acquisition of these approvals and licenses, they will be issued a commercial registration certificate, which will include the authorized license(s) for their specific business activities.

### Steps Ste

- 1 Visit the activity search <u>page</u> on Sijilat.
- 2 Select "Obtain Licence" from the "Commercial Registration" (CR) menu.
- 3 Enter your existing CR number and select the relevant CR record.
- 4 Upload the required documents.
- 5 Enter the details of the ultimate beneficial owner.



- 6 Provide the commercial address, phone number, and email address.
- 7 Review and submit documents.
- 8 The selected business activity would allow you to identify the required steps for licensing.
- You can always check the <u>business advisor service</u> available on Sijilat to verify the specific business license requirements that your startup must fulfill.

#### Requirements

Depending on license type.

#### Ouration

Depending on license type.

#### **S** Cost

- License application: 20 BHD.
- Municipality fee: 10 BHD.
- Notarization fee: 30 BHD.
- Bahrain Chamber of Commerce and Industry (BCCI) membership: 8 BHD minimum (the fee is subject to registered capital).
- Activities that are not regulated by specific government regulating entities: 100 BHD.
- <u>Ministry of Industry and Commerce (MoIC)</u> activity fee: 100 BHD (covers up to three (3) activities. Additional activities will be subject to 100 BHD each).
- Other licensing fees may apply.

### Step 5: Notarize the memorandum of association

The notarization of the memorandum of association can be conducted once the mandatory steps above are completed. This notarization precedes the issuance of the commercial registration. It is highly recommended to engage the services of a legal advisor or a reputable local law firm in Bahrain to navigate this process. These professionals would provide guidance on legal prerequisites, assist in drafting the memorandum of association, and manage the essential documentation.



### Steps Ste

- 1 Choose your public or <u>private</u> notary.
- Present the approvals related to the draft of the memorandum of association and any other necessary approvals, if required.
- 3 Shareholders or authorized signatory/s must be present to sign.
- 4 Sign the documents through the chosen notary service.

#### Ouration

One (1) working day.

#### © Cost

Public notary: 27 BHD.

### Step 6: Open a bank account

Establishing a business or company bank account in Bahrain, either before or during your business operations, to obtain a capital deposit certificate, is a straightforward process. Furthermore, if you opt to open a corporate account in Bahrain, you have the convenience of acquiring an online company bank account. A bank account certificate is an essential component for finalizing the company formation process and the operations of the company.

Note that Bahrain has liberal foreign exchange (FX) regulations and does not impose strict exchange controls or restrictions on the movement of funds in and out of the country. You can learn more through visiting the <u>website</u> of the Central Bank of Bahrain (CBB), the primary regulatory authority responsible for overseeing and regulating the financial sector.

### **Documents**

- A copy of the commercial registration.
- Extract copy.
- The board resolution.
- The CPR and partners' passports.
- A feasibility study or business plan.



- A six (6) months bank statement for each partner.
- Copies of partners' visas, if applicable.
- The driving license of all partners.
- A bank statement of the partners' other companies if any.

### Step 7: Apply for Value-Added Tax (VAT) with the National Bureau of Revenue (NBR)

The <u>National Bureau of Revenue</u> holds the responsibility for various aspects of Value-Added Tax (VAT) management in Bahrain, which includes the registration of entities liable for VAT, the validation of return submissions, refund processing, dues collection, audit procedures, handling of appeals, and oversight of compliance enforcement.

### Steps Ste

1 Create your profile at the NBR website.

Fill out the application form that includes the following six (6) sections:

- Eligibility criteria.
- VAT payer details.
- Contact details.
- · Economic activities.
- Bank details.
- 3 Upload all the required documents.
- 4 Receive and save your application reference number.
- 5 Download your VAT certificate.

### Requirements

- To secure a VAT registration certificate, a designated VAT account number is mandatory for entities and individuals engaged in independent economic activities aimed at generating income, with annual supplies surpassing the threshold of BHD 37,500. This registration enables them to commence the collection of the 10% VAT.
- The voluntary registration threshold is established at BHD 18,750. Non-resident businesses become obligated to register for VAT as soon as they make their initial supply subject to VAT within Bahrain.
- Visit the National Bureau of Revenues' page to learn more about VAT for SMEs.



#### Documents

- An online registration form.
- A copy of the company's Commercial Registration.
- A copy of the company owner's ID card, unless power of attorney was given to someone else.
- Supplies and services expenses details.
- A memorandum of association for WLL/LLC (optional)
- A supporting bank document showing IBAN (optional)

### Step 8: Open an account at the Social Insurance Organization (SIO) (applies to Bahraini citizens)

The Social Insurance Organization (SIO) is Bahrain's agency for social insurance and pension services to all citizens in the public and private sectors.

The SIO serves as Bahrain's authoritative institution responsible for providing comprehensive social insurance and pension services to citizens across both the public and private sectors.

### Steps

- 1 Start your application using your e-key at the SIO website.
- 2 Fill and submit the online registration form.

### **Documents**

- A registration form.
- A commercial registration.
- A copy of the company owner's ID card.
- The memorandum of association.

### Step 9: Obtain an SME classification certificate (optional)

This certificate allows SMEs, including startups, to seek a classification according to their size. The certificate grants startups the eligibility to development initiatives and incentives. For comprehensive details regarding the certificate and the application procedures, please refer to the following <u>link</u> (note that the application will require your e-key for authentication). Holders of an SME classification certificate have benefits that are listed in the Government Incentives section of this guide.



### Steps Ste

- 1 Access the page <u>SMEs registration system.</u>
- 2 Submit a new application.
- 3 Fill in the required information and submit the application.

#### **Ouration**

Three (3) business days.





# II. Other country-specific considerations

### 1. Considerations for foreign investors

Foreign investors in Bahrain can benefit from 100% foreign ownership across most sectors, with no requirement for a local partner. Because of these foreign investment advantages, Bahrain has been ranked first among the Gulf Cooperation Council (GCC) countries in 2020 for inward Foreign Direct Investment (FDI) stocks relative to the Growth Domestic Product (GDP). With flexible foreign ownership laws, entrepreneurs can operate a business in one of the following sectors without holding a Bahraini citizenship:

- Food, arts, entertainment, and leisure.
- · Healthcare.

- Information and communication Technologies.
- · Real estate.

<u>Bahrain's Economic Development Board (EDB)</u>, in charge of promoting FDI in Bahrain, places particular emphasis on attracting FDI to the manufacturing, logistics, ICT, financial services, tourism, and leisure sectors. On the other hand, <u>The Ministry of Industry and Commerce (MoIC)</u> maintains a short list of business activities that are restricted to Bahraini ownership. Foreign companies seeking to establish a presence in Bahrain must adhere to additional specific registration procedures.

Currently, Bahrain has double tax treaties (DTTs) in force with 45 countries. As far as investors are concerned, Bahrain allows free repatriation of capital.

If you intend to open a branch of a foreign startup in Bahrain, you will need to provide the following documents and information:

- A decision from the parent company to open the branch in the Kingdom of Bahrain.
- A copy of the company's commercial registration.
- A power of attorney for the branch manage.
- A copy of the company's memorandum of association and any other amendments.
- · A letter of guarantee for the branch.
- · All documents must be attested.

All documents that are prepared or compiled outside of Bahrain, and are required for the creation of this entity or for the obtention of a business license, must

- Be notarized by a notary public in their country of origin.
- Receive stamps from the embassy of the relevant foreign country in Bahrain and the Bahrain Ministry of Foreign Affairs.
- Be stamped by the Ministry of Foreign Affairs and the Embassy of Bahrain (or the designated Bahraini consulate in the region) in the country of origin.



It is important to note that Bahrain is a signatory to the Hague Apostille Convention. If the documents were issued by another signatory country, there would be no need for further legalization after obtaining the Apostille stamp. However, once these documents arrive in Bahrain, if they are not in Arabic, they will need to be translated into Arabic by a recognized translation firm in Bahrain.

### 2. Al-Tajir app

<u>The Al-Tajir application</u> stands as a groundbreaking initiative, delivering e-services exclusively to business owners within the Kingdom of Bahrain. This innovative platform presents an extensive array of e-services designed to optimize operations and carrying out of business transactions through smart devices. Below is an overview of the services extended by Al-Tajir:

- Application management for CRs.
- Commercial Registration (CR) Services.
- Enterprise support services.
- Insurance contribution and healthcare services.

- · Pay electricity and water bills.
- · Pay monthly bills related to work permits.
- Search CR, activities, and agencies.
- · Tender services.





### 3. Tax regime

#### Brief overview of the kingdom of Bahrain's tax regime

#### **Social security contribution**

The current rate of contributions to the Social Insurance Organization (SIO) is 23% for local employees (15% employer; 8% employee) and 4% for expatriate employees (3% employer; 1% employee which cover employment injuries and do not include any pensions or gratuities). Contributions are calculated on employees' monthly salaries and capped at an income ceiling of BHD 4,000. These contributions are withheld by the employer and remitted to the SIO on a monthly basis. Quick Payment Service enables you to pay your social security contributions by providing either your CR Number or your Establishment/Employer Number.

#### **Corporate Income Tax (CIT)**

Except for the income tax levied on oil and gas companies, no taxes are levied on corporate income or capital gains.

#### Value-Added Tax (VAT)

Every person who has a place of residence in Bahrain and conducts an economic activity, where the value of its taxable supplies made in the past twelve (12) months or expected to be made in the next twelve (12) months exceeds BHD 37,500 must register for, collect and, remit VAT. The VAT standard rate is fixed at 10% including supplies of all goods and services made in Bahrain as well as imports.

#### **Municipality tax**

Municipality tax is payable by companies renting property in Bahrain. The tax rate varies from 7% to 10% according to the nature of the property and the payer of the utilities (landlord or tenant). To pay the municipality fees electronically you can visit the Epayment page on the MoIC website.





### 4. Tax compliance requirements

#### Value-Added Tax return

VAT-registered businesses are required to submit a VAT return with details of their business transactions subject to VAT sales and purchases. The taxable person must submit a VAT return via the NBR's online portal no later than the last day of the month following the end of the tax period.

Where there are no transactions to be reported in a given tax period, the taxpayer should still submit a nil return. The filing period frequency is as follows:

- Monthly filing is required if the taxable person's annual supplies exceed BHD 3 Million.
- Quarterly filing is required if the taxable person's annual supplies do not exceed BHD 3 Million.
- Annually filing is required if the taxable person's annual supplies do not exceed BHD 100,000.

The NBR may issue an assessment to the taxable person in cases where it does not submit the VAT return within the filing deadline.

Failure to submit VAT return or to pay the tax due within a period no more than 60 days from the filing or payment deadline results in administrative penalty calculated at a rate between 5% to 25% of the value of payable tax or the tax that should have been declared.

#### CIT deadlines return and payment

The law does not specify a due date for the final CIT return, but the initial estimated return must be filed by the 15<sup>th</sup> day of the third month of the taxable year.

Subsequently, amended estimated returns are filed quarterly unless the final return has been submitted. Estimated CIT payments are made in 12 monthly installments starting on the 15<sup>th</sup> day of the fourth month of the taxable year.

#### Taxable period

A company's accounting period should normally follow the (Gregorian) calendar year (i.e. 1 January to 31 December). As for tax compliance requirements, electronic filling is mandatory in Bahrain for all taxable persons.

All tax returns should be submitted via the <u>National Bureau for Revenue (NBR)</u>'s online portal by the taxable person or by a person authorized to do so on behalf of the taxable person (i.e., an agent or a tax representative).

### 5. Financial reporting and auditing regulations

Commercial companies are required to submit their audited annual reports for review and analysis in accordance with Bahrain's commercial companies' law, decree law no. 21 of 2001 and the revised decree law 50 of 2014. For WLL, the report must be submitted within six (6) months of the company's financial year-end and must be signed with one director or more depending on the situation.

Every company must adhere to International Financial Reporting Standards (IFRS) when preparing financial statements. Small and medium-sized enterprises have the choice to opt for simplified IFRS. Additionally, joint stock companies, limited partnerships, and single-person companies are obligated to undergo an annual statutory audit carried out by an independent, licensed auditor. These auditors are appointed at the annual general meeting of shareholders and must be licensed by the Ministry.

### 6. The Saudi center for investment

Saudi investor center is one of the distinctive channels of services provided by the <u>Ministry of Industry and Commerce (MoIC)</u>. It aims to facilitate and expedite the procedures for Saudi investors in Bahrain businesses and promote investments by offering additional incentives and facilitation. It is a one-stop-shop for the Saudi investors to complete all the services required with ease. The center's mission is the following:



The Center is an integral facet of the services rendered by the MoIC. Functioning as a comprehensive one-stop solution, this center ensures that Saudi investors can efficiently and professionally fulfill all their requirements. The mission of this center is as follows:

- Attract Saudi Investments: Bring Saudi investments and value-added projects in sectors like ICT, healthcare, and tourism, to Bahrain with fast-track services.
- Simplify Investors' Procedures: Streamline processes for Saudi investors, individuals, and companies, including easier commercial registration.
- Foster Investment Opportunities: Assist Saudi investors in identifying relevant opportunities and establishing local partnerships to boost Bahrain's regional and global competitiveness.
- Offer Legal Support: Provide diverse legal services to support clients in conducting transactions in Bahrain, ensuring investments' protection.
- Optimize Performance and Collaboration:
   Provide best practices and adapted solutions, while collaborating and liaising with licensing authorities.

For more information about the services offered by the center, you can visit this manual.

### 7. Crowdfunding

The crowdfunding regulations have been issued by the <u>Central Bank of Bahrain (CBB)</u> to lay out a legal framework for loan crowdfunding to conventional and Shari'ah compliant markets, while providing governance for Fintech businesses and protection to their customers. These regulations will also help SMEs and startups get access to alternative forms of funding when the traditional funding options are not available. The three (3) types of crowdfunding allowed in Bahrain are:

- Equity based: Invest to gain shares. The upper threshold for this funding is 250,000 BHD.
- **Financing based:** Lend money to gain interests. The upper threshold for this is 500,000 BHD.
- Shari'ah compliant (equity/finance based):
   Lend and invest in accordance with Shari'ah laws. Make sure you read CBB's regulations to know more about Shari'ah compliance requirements for a crowdfunding platform operator in the Kingdom.

Here are some Bahraini crowdfunding platforms that offer various investment opportunities:

- Bambucorn
- · Amal Invest
- Raseed





# I. Government incentives

### 1. Tax incentives

There is no income tax in Bahrain on income and capital gains with the exception, in limited circumstances, to local and foreign businesses that operate in the oil and gas sector or derive profits from the extraction or refinement of fossil fuels.





### 2. Non-tax financial incentives

These initiatives encompass main financial support, special economic zones and other programs intended to foster innovation and investments. Briefly, non-tax financial incentives play a pivotal role in bolstering the country's entrepreneurship dynamics and its competitive standing on the regional and global stage.

#### Tamkeen program

This program is meticulously structured to empower entrepreneurs in establishing and expanding their businesses through a multifaceted support system, encompassing grants, trainings, and access to financial resources. Tamkeen, Bahrain's Labor Fund, actively finances training programs, supports the acquisition of <u>professional certifications</u>, provides wage subsidies. Furthermore, it extends financial assistance to facilitate the establishment and growth of enterprises and startups. The program features an array of five (5) training modules tailored for individuals and an assortment of five (5) programs targeting enterprises. Tamkeen's overarching objectives include:

- Business Development support: Facilitates loans, equity financing and grant matching of up to 50% of the total funding required by the enterprise, aligning with the approved and allocated grant limit.
- Coaching and mentoring: Assists and connects aspired entrepreneurs with experienced mentors who provide valuable guidance, advice and industry insights.
- Marketing and branding support: Offers specialized marketing and branding assistance to startups, helping them develop effective marketing strategies, create impactful brand identities, and enhance their online presence.
- Networking and exhibition opportunities:
   Organizes various networking events, exhibitions,
   and trade shows where startups can showcase
   their products and services, forge valuable
   partnerships, and explore business
   opportunities.
- Training and skill development: Offers extensive training programs and workshops to equip entrepreneurs and employees with the necessary knowledge and skills.

#### The Bahrain Development Bank (BDB)

The Bahrain Development Bank fosters the development of SMEs, business incubators, and accelerators. Additionally, the bank focuses on enhancing the capabilities of Bahraini women through the 'Riyadat' center. This center is dedicated to amplifying the creativity and entrepreneurial spirit of Bahraini women while addressing gender disparities. Below is a comprehensive overview of the areas of support and services that the Bahrain Development Bank can offer to your business:

- Comprehensive financing solutions: The BDB extends a diverse range of financing options, including loans, equity investments, and venture capital, aimed at bolstering startups during their initial stages and expansion phases.
- Strategic business advisory: BDB offers an insightful guidance encompassing strategic planning, market research, feasibility studies, and other crucial facets of business development.
- Incubation and acceleration programs: Operating incubation and acceleration programs, the BDB provides access to mentorship, networking opportunities, dedicated workspace facilities, and specialized training, fostering the growth of startups.
- Investment promotion and partnership facilitation: The BDB actively champions investment opportunities within Bahrain and actively supports startups in attracting potential investors, facilitating key partnerships to drive growth and innovation.



#### The SMEs classification certificate

The certificate offers the following benefits:

- Enhanced cloud computing training: participation in a specialized training program designed to strengthen expertise in the field of cloud computing.
- Discounted financing: Access to financing with an exceptionally low interest/profit rate of 0.5% per annum courtesy of the Bahrain Development Bank.
- Preference in government tenders: Priority status with a substantial 10% preference in government tender bids and public utilities auctions, enhancing business opportunities.
- International expansion support: Enrollment in the "Export Bahrain" program, simplifying the promotion of products in international markets and stimulating global expansion.
- **Timely updates:** Regular updates on the latest initiatives, programs, and noteworthy news concerning SMEs.
- Health insurance savings: Exclusive access to a significant 7% discount on the health insurance program 'Nomu' offered by the Bahrain National Life Insurance Company, promoting the wellbeing of program members and their employees.

#### **ALWAHA fund of funds**

ALWAHA is a substantial USD 100 Million fund established in 2018 to address the emerging venture capital landscape in the MENA region. This government-led initiative is dedicated to investing in venture capital funds with a clear interest in the MENA region, particularly at the seed, early, and growth stages of funding. With a strategic sector focus on technology, ALWAHA plays a pivotal role in fostering startup growth by providing vital support to venture capital investors.

Investment decisions are orchestrated by the ALWAHA limited advisory board, which comprises both private and public sector entities, including prominent names like <u>Mumtalakat</u>, <u>Osool</u>, <u>National Bank of Bahrain</u>, Batelco, Tamkeen, and others.

#### **Bahrain Economic Development Board (EDB)**

The Economic Development Board (EDB) is a pivotal government entity that extends an array of services and initiatives tailored to benefit startups and businesses. Here's a breakdown of the key services and support provided by EDB:

- Investment promotion: EDB actively fosters opportunities for startups by attracting potential investors from diverse sectors which creates avenues for funding and partnerships, and facilitates growth and innovation.
- Market access and expansion: EDB offers guidance on regulatory compliance, market entry requirements, and the establishment of connections with prospective customers and partners, streamlining market access and expansion.
- Business setup assistance: EDB provides startups with comprehensive assistance and expert guidance in navigating the process of setting up their businesses in Bahrain, ensuring a smooth and efficient set up.
- Talent development and support: In collaboration with educational institutions, vocational training centers, and industry associations, EDB designs and implements programs and initiatives that support startups in acquiring skilled workforce and fosters talent development.
- Industry-specific support: EDB offers startups access to sector-specific resources, market insights, networking opportunities, and connections with industry experts. This focused support empowers startups to thrive within their respective industries.



#### Bahrain's FinTech Bay

Being the largest financial technology center in the Middle East, FinTech Bay represents one of the Kingdom's paramount initiatives, with a resolute focus on investing in innovation through provisioning advanced laboratories, business accelerators, and educational opportunities. FinTech Bay plays a pivotal role in incubating FinTech companies that are not only transformative but also poised for scalability. This incubation is facilitated through a combination of innovation labs, acceleration programs, curated activities, and educational platforms, ensuring the advancement of the FinTech ecosystem.

#### **Startup Exporter Solution by Export Bahrain**

The Startup Exporter solution is specifically designed for first-time exporters, startups, SMEs, and microbusinesses venturing into international markets for the first time. It also welcomes existing exporters diversifying into new service and product lines for export. Under this solution, aspiring exporting businesses would be able to submit their export plans to Export Bahrain, where they will undergo an evaluation process to determine their eligibility. Successful applicants may be eligible for small grants, which can cover up to 20% of the initial value of their inaugural export transaction, facilitating their entry into international markets.

#### **Hope Fund**

The fund is a pioneering initiative in Bahrain, fully committed to nurturing innovation, entrepreneurship, and economic advancement. Here's a concise overview of the comprehensive services provided by the Hope Fund:

- Hope ventures: The execution arm of the initiative supports startups with not only vital financial backing but also invaluable mentorship, strategic guidance, and access to influential networks, all geared toward propelling their success.
- Hope talents: An initiative designed to address the talent requirements of startups and businesses. It serves as a bridge, connecting skilled individuals with promising employment opportunities within Bahrain's dynamic entrepreneurial ecosystem.
- Beban: A program under the umbrella of the Hope Fund, Beban offers a spectrum of workshops, boot camps, and educational programs that equip individuals with the requisite knowledge and skills to embark their entrepreneurial journey and enhancing their ability to initiate and manage businesses effectively.





#### **Central Bank of Bahrain (CBB) Sandbox**

The CBB Sandbox, an innovative initiative, is dedicated to promoting innovation within the financial technology (Fintech) sector. It creates an enabling environment for startups to conceive and try their technology-based pioneering concepts for up to a year under supervision. Bahrain made history as the first country in the MENA region to introduce the Sandbox policy. Under this pioneering initiative, after its launch, and within one (1) year, the CBB issued full-fledged operational licenses to two (2) fintech firms.

**Today, approximately 34 companies have received approvals** among which, one notable achievement, the licensing of the first cryptocurrency trading platform in the region. These accomplishments underscore the innovative and progressive nature of the Sandbox initiative in fostering Fintech and financial innovation. Startups engaging with the CBB Sandbox can reap several key advantages:

- **Collaboration and networking:** The CBB Sandbox encourages collaboration among startups, established financial institutions, and other stakeholders in the ecosystem, fostering a vibrant ecosystem of ideas and innovation.
- Market validation: Participation in the CBB Sandbox offers startups the invaluable opportunity to validate their business models, gain insights into the market, and refine their business model and offerings to better align with the needs of their target audience.
- **Reduced entry barriers:** The sandbox streamlines the process of obtaining essential licenses and approvals, effectively lowering entry barriers for startups.
- **Regulatory support:** The CBB Sandbox provides startups with a supportive regulatory framework, allowing them to test their innovative solutions while ensuring adherence to relevant regulations.
- **Risk mitigation**: Operating within the sandbox provides a controlled environment for startups to experiment with their products and services, enabling the identification and mitigation of potential risks and challenges before scaling their operations.





### 3. Special Economic Zones

A mutually beneficial relationship exists between Special Economic Zones (SEZs) and startups, with each entity deriving advantages from the other's presence in terms of resources sharing, expanded market access, and increased investment prospects. Bahrain has achieved a notable transformation, positioning the nation as an appealing hub for both SEZs and startups. Consequently, this has catalyzed economic expansion and diversification within the country.

#### **Bahrain International Investment Park (BIIP)**

The Bahrain International Investment Park (BIIP) stands as a significant and strategic endeavor within the Kingdom of Bahrain, designed to position Bahrain as a destination for premium foreign direct investment and domestically driven export projects. The park concentrates on several key industries, including food and beverage, fast-moving consumer goods, plastics and fiberglass, pharmaceuticals, chemicals, light engineering, and services. Incentives in BIIP include:

- 100% foreign ownership.
- Five (5) years exemption from Bahrainization (no recruitment restrictions for the first five (5) years).
- · Grants.
- Lease land at a competitive rental rate of 1 BHD per square meter per year.
- Strategic location, three (3) km away from the port, and twenty-five (25) km from Saudi Arabia.
- Tamkeen's support through funding, machinery, training, and employment.

#### **Bahrain Investment Wharf (BIW)**

This expansive development park is a hub for a wide range of industrial and commercial activities, attracting local and foreign investors seeking to capitalize on Bahrain's strategic location and business-friendly environment. BIW is characterized by state-of-the-art infrastructure, comprehensive logistics services, and a strong focus on fostering economic growth. The following are the benefits extended to investors when they choose to establish their presence in the Bahrain Investment Wharf (BIW):

- 100% foreign ownership in most of the categories.
- No requirement for Bahraini partners or shareholders or sponsor.
- Low minimum shared capital for shareholders and investors.
- An LLC entity can hire expatriate staff.
- No duties are imposed on the goods imported and exported from the free zone.





#### **Bahrain Logistics Zone (BLZ)**

The Bahrain Logistics Zone (BLZ) is the region's first boutique logistics park, managed by the Ports and Maritime Affairs under the Ministry of Transportation and Telecommunications. It provides local, regional, and international companies with a base to operate within a customs-bonded area, facilitating quick and economical access to the expanding Northern Gulf and GCC markets.

The BLZ is ideal for logistics companies as well as value-adding services such as component assembly, packing and packaging, labeling, testing and repair, mixing, weighing and filling, and other light manufacturing activities.

The following are the benefits extended to investors when they choose to establish their presence in the BLZ:

- 100% repatriation of capital, profits, and dividends.
- 24/7 customs presence with dedicated customs affairs team for full customs clearance services.
- Competitive tenancy lease price of BHD 4.14 per square meter per year.
- Dedicated account managers for ongoing tenant care, guidance through local requirements, and facilitation with municipal and government entities for necessary permits.
- Favorable tax regime: no corporate, personal income, or inheritance taxes.
- · Full foreign company ownership allowed.
- Ready-to-use infrastructure with necessary utilities (water, sewage, electricity, telecom).





# II. Labor and immigration regulations and facilitations

### 1. Employment practices and work permits

To hire employees, it is vital that you register your new establishment with the <u>Labor Market Regulatory Authority (LMRA)</u>. This service allows new establishments to register their commercial registrations to enable them to apply, renew, and cancel work permits of expatriates. For detailed guidance on applying for new work permits or increasing the workforce quota, refer to this <u>manual</u>.

### Steps Ste

- 1 Visit the LMRA <u>website's login page</u>.
- 2 Fill in the required fields.
- 3 Upload and submit the required documents below.
- Book an appointment for commercial services via LMRA's <u>Appointment Management System</u>, to enable access to Expat Management System (EMS).
- 5 Fill in the new establishment registration form and submit the required documents.
- Once registration is complete you will be able to login into the <u>Expat Management System</u> (<u>EMS</u>) using your advanced e-key.

### **Documents**

- A new Establishment Registration Form.
- An appointment letter from the commercial establishment that specifies the person in charge, authorized individuals, their personal details, and the extent of their authority.
- A commercial Registration Certificate.
- A formal letter designating responsible persons or authorized individuals who can work in coordination with the Labor Market Regulatory Authority (LMRA).
- A commercial Registration of Clearance Office, if applicable, in case a clearance agent is being authorized.
- An evidence, typically in the form of a smart card extract, showing that the applicant is registered with the Social Insurance Organization as an employee within the clearance office.





Admin fee: BHD 5

## 2. Investor visa

Eligible candidates for an investor visa are those engaged in any activities, such as establishing new businesses in Bahrain, making investments in existing enterprises, initiating partnerships, or acquiring shares in established companies. The issuance and management of this visa fall under the Labor Market Regulatory Authority (LMRA), subject to prior approvals from the Ministry of Industry and Commerce (MoIC), and the Nationality, Passport, and Residency Affairs (NPRA).

To apply for an investor visa in Bahrain, you should use the LMRA Expat Management system. Comprehensive information regarding investment visa application and eligibility criteria can be obtained through the e-visa website. Initially, the visa can be granted for a period of three (3) months, with the option for renewal either at the NPRA office or online.

## Requirements

Countries eligible for the visa are found in this <u>list</u>.

## Documents

- A copy of the applicant's passport.
- A copy of a confirmed return air ticket.
- A copy of a hotel booking in the Kingdom of Bahrain. Alternatively, in case the visitor is staying with a relative, they must provide a copy of their ID reader's printout.
- A copy of a bank statement under the visitor's name covering the last three (3) months with an ending balance of not less than the equivalent of 377 BHD.
- A copy of preapproval for a commercial registration from the MoIC.

## **Ouration**

The process time for a Businessman or an investor visa in Bahrain varies from one application to another but usually takes five (5) to eight (8) business days.

## **S** Cost

- Application fee: 4,000 BHD.

- Visa fee: 25,000 BHD.



# III. Data protection

Bahrain enacted <u>Law No. thirty (30) of 2018</u> with respect to Personal Data Protection Law ("PDPL") on July 12<sup>th</sup>, 2018. The PDPL is the main data protection regulation in Bahrain. The PDPL came into force in 2019 and supersedes any law with contradictory provisions. <u>Order No. forty-six (46) of 2022</u> regarding Data Protection Guardians was made after a thorough review of Law No. (30) of 2018, which pertains to the issuance of the Personal Data Protection Law. It also sets the rules and procedures for submitting notifications and prior authorization requests to the authority to process data and deciding upon it, and upon the submission of the undersecretary of justice and Islamic affairs.

The PDPL represents the principal data protection framework in Bahrain and became effective in 2019. It takes precedence over any conflicting legislation. The PDPL delineates the regulations and protocols for data processing notifications, requests for prior authorization from the relevant authority, and decisions related to data processing. Such determinations are made following the submission of requisite documents to the Undersecretary of Justice and Islamic Affairs. The resolutions encompass the following key aspects:

- Duties of the data protection officer and related fees.
- · Notification procedures.
- · Rules regarding data processing.
- · Rules regarding data relating to criminal proceedings.
- · Rules regarding data subject rights.
- Rules regarding how public registers must treat personal data.
- · Rules regarding making complaints to the authority.
- · Rules regarding the processing of sensitive personal data.
- Rules regarding the transfer of personal data outside Bahrain.
- · Technical and organizational measures.

Visit the website of the authority for further information and to download relevant forms.





# IV. Intellectual property

Bahrain recognizes and provides protection for intellectual property rights under its legislation and international agreements. Under these provisions, you can claim ownership over the creation of an invention, a design, a distinctive mark, or an artistic work etc.

The protection of these creations gives you an exclusive or unique right of exploitation and the right to take judicial and other measures for their protection in case of unlawful unauthorized copying and/or use by third parties.

Overall, there are four (4) types of intellectual property rights: patents, trademarks, industrial designs, and copyrights. The section below covers the steps you need to know to receive protection under three (3) types based on their relevance to startups.

In Bahrain, the <u>Ministry of Industry & Commerce (MoIC)</u> is the responsible entity for regulating and enforcing IP laws. It provides online services to register trademarks, patents, and industrial designs. The application process is administered by the Foreign Trade & Industrial Property Directorate under the MoIC.

## 1. Patents

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period of time. It is a key element of Intellectual Property (IP) protection. In Bahrain, patents are granted to inventors to cover a broad spectrum of innovations, including inventions, research models, and utility systems applicable in various business and industrial sectors. These innovations can encompass machinery, tools, processes, chemicals, biotechnology, software, and more. The legal framework governing patents in Bahrain is established by  $\underline{\text{Act No.1}}$  of  $\underline{2004}$ .

Patents in Bahrain hold a validity for a period of twenty (20) years starting the date of filing, or, in cases where priority is claimed, from the date of such claim. Arabic serves as the official language for patent prosecution in Bahrain. However, applicants have the provision to submit applications in English, provided they furnish the authorized translation into Arabic within a stipulated period of four (4) months.

## Steps Step

- 1 Conduct a patent search to ensure the invention is new and non-obvious.
- 2 Visit the <u>website</u> of the MoIC for registration.
- Provide an invention description (use these <u>guidelines</u> in Arabic for instructions), the applicant's and inventor's details, the specifications i.e., title of the invention, claims, abstract and drawings if any.
- 4 Submit the application.
- 5 Wait for the examination of the application and receive the patent grant.



## Requirements

- For inquiries you can contact the following e-mail: <a href="mailto:lp\_support@moic.gov.bh">lp\_support@moic.gov.bh</a>.
- The patent application is submitted to the <u>National Patent Office</u> at the MoIC by a citizen or a resident in the Kingdom of Bahrain.
- Non-resident foreign applicants must apply through the intellectual property registration office or a law firm in the Kingdom of Bahrain.
- The original power of attorney document must be legalized by any Arab consulate. It may be filed within three (3) months of the application date.
- <sup>-</sup> The invention must be new and non-obvious.

## © Cost

Obtaining a patent : from 100 BHD to 500 BHD.





## 2. Trademarks

Trademarks in Bahrain encompass distinctive symbols, logos, slogans, and brand identifiers associated with a company, business, or product. They serve as unique identities that distinguish your offerings from competitors in the market. The legal framework for trademark protection in Bahrain is governed by the <u>legislative decree</u> No. 11 of 2006.

Trademark applications should be filed via the Trademark Office at the MoIC. These applications can be submitted by nationals or residents in Bahrain. Foreign applicants who do not reside in the Kingdom are required to engage authorized intellectual property registration agents or law firms recognized by the <u>industrial</u> property directorate.

The initial protection period for a trademark is ten (10) years, starting the date of application. This protection can be extended for subsequent periods by submitting a renewal application during the final year of each protection term through the electronic industrial properties' services. Applications can be conveniently done through the MoIC's website.

## Steps Ste

- 1 Conduct a trademark search to ensure it is available.
- 2 Visit the website of the MoIC for registration.
- Enter the necessary information i.e., your name and address, a clear representation of the trademark, the goods or services associated with the trademark and the class(es) of goods or services.
- 4 Submit the application through the <u>e-services portal</u>.
- 5 Pay the service fees.
- 6 Receive the application receipt and the application reference number for follow up.

## Requirements

- For inquiries you can contact the following e-mail: Ip\_support@moic.gov.bh.
- The official language for trademark registration in Bahrain is Arabic. If documents are initially filed in English, the corresponding authorized Arabic translation must be submitted within four (4) months.
- A certified copy of the priority document and its authorized translation should be provided within three (3) months from the date of application.
- The original power of attorney must be legalized by any Arab consulate. It can be submitted within three (3) months from the date of application.



The deadline for filing a trademark application that claims conventional priority in Bahrain is six (6) months from the priority date.

## © Cost

- Application fee for registering a trademark: 200 BHD.
- <sup>-</sup> Types of services and related costs are detailed in this document.

# 3. Industrial designs

An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation. Designs in the Kingdom of Bahrain receive protection under Act No. 6 of 2006, which specifically governs Industrial Designs and Models. This protection lasts for ten (10) years from the date of filing within the Kingdom. To extend this protection for an additional five (5) years, proprietors can submit a renewal application during the last year of the initial period. Furthermore, proprietors have the option to file a renewal application within six (6) months after the expiry date.

To initiate this protection, applicants, whether national or residents of the Kingdom of Bahrain, are required to submit their industrial drawing and design applications to the Patent Office within the Ministry of Industry and Commerce (MoIC). In the context of the aforementioned law, "designs" encompass arrangements of lines, whether in 2D or 3D formats. "Industrial models" refer to blueprints, handicrafts, or industrial products safeguarded. The application ensures that the original designers or owners can benefit from their creations. For those interested in this process, applications can be conveniently submitted through the website of the MoIC.

## Steps Ste

- 1 Visit the <u>website</u> of the MolC for registration.
- 2 Enter the data and attachments required.
- 3 Pay the service fees.
- 4 Receive the application receipt and the application reference number for follow up.

## © Cost

Types of services and related costs are detailed in this <u>document</u>.



# V. Key support organizations and initiatives (not exhaustive)

#### **Incubators**

ASU Business Incubation Centre at Applied Science University (ASU)

Bahrain fashion incubator

<u>Bahrain Gate for Supporting Small and Medium</u> Enterprises W.L.L

Flat6labs Bahrain SEED programs

**INJAZ Bahrain** 

Kickstart Bahrain

LeBooster by CCI France Bahrein FCCIB

<u>Tamkeen</u>

The Collective Hub Incubator

Uni Concept For Business Solutions CO. W.L.L

#### **Accelerators**

ACT Pro Consultancy & Business Services

Bahrain FinTech Bay

**Brilliant lab** 

Brinc Batelco IoT Hub

Flat6labs Bahrain

Kickstart Bahrain

Level Z

**Springstudios** 

Start Your Business - Tamkeen

Uni Concept For Business Solutions CO. W.L.L

#### **Coworking spaces**

Bahrain FinTech Bay(FinTech hub)

Brilliant lab

**DIWAN Hub** 

Kickstart Bahrain

Maktab coworking space

Servcorp

Space 340

Spire Hub W.L.L

The Collective Hub Incubator

### **Funding programs/institutions**

Hope Fund

Middle East Venture Partners

<u>Tamkeen</u>

Tenmou (business angels)

VC Partners of Bahrain FinTech bay



## **Competitions and Awards**

Government Innovation Competition (Fikra)

Startup Bahrain Pitch competition

## Funding programs/institutions

500 startups

**BDB** 

**Hope Fund** 

Middle East Venture Partners

<u>Tamkeen</u>

Tenmou (business angels)

VC Partners of Bahrain FinTech bay

#### **Events**

**Arabnet Bahrain** 

FinTech FORWARD

Manama Entrepreneurship Week (MEW)

MENA Angel Investors Summit

<u>Microshabab</u>

StartUp Bahrain Weekend

Tech Expo Bahrain



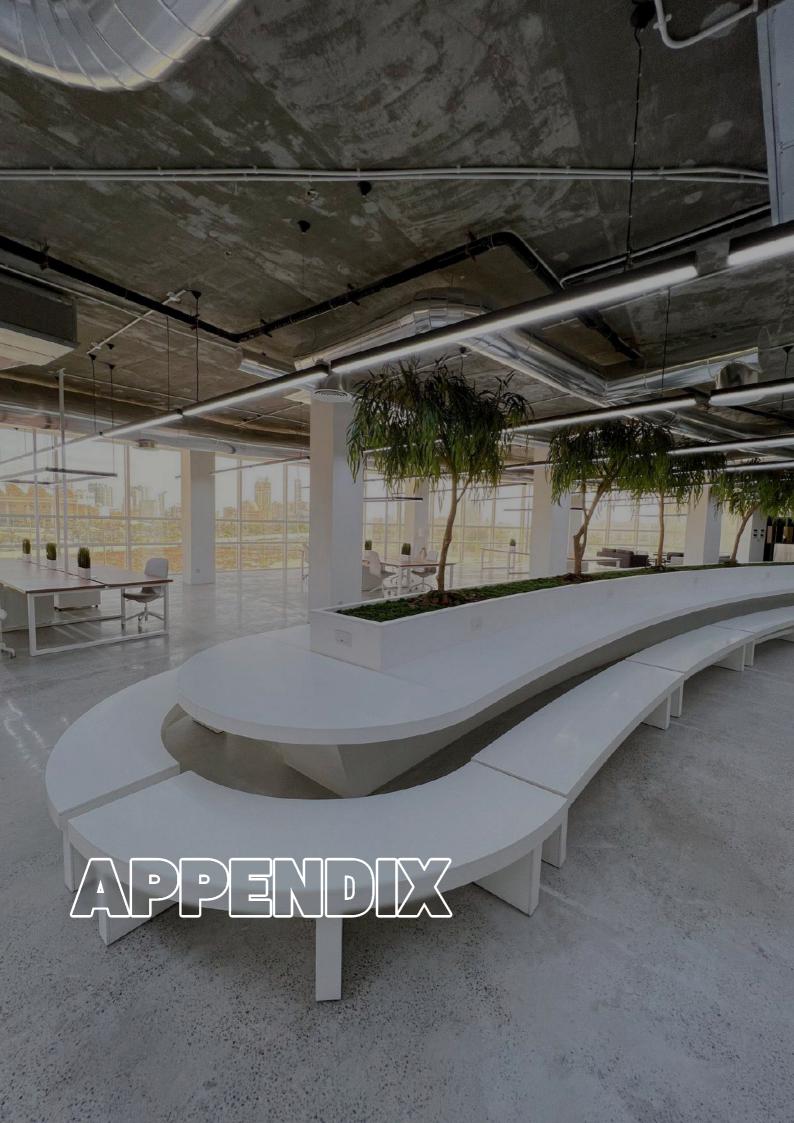
Reference list 45

## Reference list

1. Bahrain Economic Development Board. (2024). Investing in the Middle East - Invest in Bahrain. Invest in Bahrain. Retrieved May 19, 2024, from https://www.bahrainedb.com/

- 2. Startup Genome. (2023). Startup Genome. Retrieved May 28, 2024, from <a href="https://www.startupgenome.com/">https://www.startupgenome.com/</a>
- 3. Startup Bahrain. (2024). Ecosystem StartUp Bahrain. Retrieved May 28, 2024, from <a href="https://www.startupbahrain.com/">https://www.startupbahrain.com/</a>
- 4. Airtable. (2024). Airtable Ecosystem Page (Enablers, Live). Retrieved May 28, 2024, from <a href="https://airtable.com/">https://airtable.com/</a>
- 5. World Intellectual Property Organization. (2023). Global Innovation Index 2023: Innovation in the face of uncertainty, from <a href="https://www.wipo.int/">https://www.wipo.int/</a>
- 6. TheGlobalEconomy.com. (2023.). Economic freedom, overall index by country, around the world, from https://www.theglobaleconomy.com/
- 7. Knowledge For All. (2023). Ranking | Knowledge For All, from <a href="https://www.knowledge4all.org/">https://www.knowledge4all.org/</a>





47 Appendix

## Appendix 1: Launching your startup: key success factors



#### Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's Customer Development Model can guide you in creating a product or service that customers cannot resist.



#### Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture.



#### Market insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.



#### Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.



#### **Analyzing the competition**

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.



#### **Legal Flexibility**

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.



Appendix

# Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	<ul> <li>Idea formation</li> <li>Problem validation</li> <li>Team establishment</li> </ul>	<ul> <li>Promote entrepreneurship education</li> <li>Facilitate Ideation: Hackathons, startup Weekends, etc.</li> <li>Promote innovation and entrepreneurship culture</li> </ul>	<ul> <li>Financial literacy and entrepreneurship awareness programs</li> <li>Networking opportunities to connect with potential mentors, advisors, and industry experts</li> </ul>	<ul> <li>Access to         experienced         mentors who         provide guidance         and advice on         various aspects         of startups</li> <li>Provision of         office space,         shared facilities,         and         infrastructure to         support the         early-stage         development of         the business</li> </ul>
Pre start	<ul> <li>Idea development</li> <li>Business modeling</li> <li>Problem/Solution fit: prototyping</li> <li>Team Formation: access to training and mentorship</li> </ul>	<ul> <li>Offer entrepreneurship training and education</li> <li>Facilitate Proof of concept and proof of Business</li> <li>Facilitate Business Modeling</li> <li>Validate MVP</li> </ul>	<ul> <li>Seed funding for idea validation and product development</li> <li>Coaching to refine business ideas and plans</li> <li>Access to incubators or accelerators providing resources, infrastructure, and networking opportunities</li> </ul>	<ul> <li>Assistance in refining the product/service, pricing strategies, and go-to-market plans</li> <li>Support in conducting market research and understanding the target market, customer needs, and competitors</li> </ul>

Appendix 49

	Startup development stages	Government support	Funders support	SSOs support
Launch	<ul> <li>Business         Creation</li> <li>Early-stage         fundraising</li> <li>Initial Go-To         market: MVP         development</li> </ul>	<ul> <li>Provide Early-Stage Financing</li> <li>Facilitate access to client and Go-To -Market</li> <li>Strategic partnerships</li> <li>Housing</li> <li>Operation set up and labeling</li> </ul>	<ul> <li>Seed funding to launch the business</li> <li>Cover initial operational costs</li> <li>Access to angel investors or venture capital firms</li> <li>Guidance on legal and regulatory compliance</li> <li>Support in building a strong founding team and advisory board</li> </ul>	<ul> <li>Guidance on company registration, intellectual property protection, and legal compliance</li> <li>Support in identifying funding sources, preparing investor pitches</li> <li>Connecting with potential investors</li> </ul>
Growth	<ul> <li>Product/Market         Fit</li> <li>International Go-         To-market</li> <li>Expansion and         scaling</li> </ul>	<ul> <li>Facilitate access to Finance</li> <li>Facilitate internationalizat ion via events, strategic partnership, etc.</li> <li>Provide operational support</li> </ul>	<ul> <li>Series A, B, or C funding rounds for scaling operations and market expansion</li> <li>Strategic guidance and industry insights from investors</li> <li>Assistance in negotiating partnerships and strategic alliances</li> <li>Exit strategies and assistance with mergers, acquisitions, or public offering</li> </ul>	<ul> <li>Assistance in scaling operations, managing growth, and overcoming operational challenges</li> <li>Access to industry experts</li> <li>Provide sector-specific knowledge and guidance</li> </ul>











