



LAW OF MONGOLIA

9 July, 2015

Ulaanbaatar

LAW ON VALUE ADDED TAX / Revised version /

CHAPTER ONE GENERAL PROVISIONS

Article 1. Purpose of the law

1.1. The purpose of this law is to regulate relations related to imposition, value-added, refund and reporting of value-added tax (hereinafter referred to as "tax").

Article 2. Legislation

2.1. The legislation on value-added tax shall consist of the General Tax Law, this law and other legislative acts enacted in conformity with them.

Article 3. Scope of the law

3.1. This law shall apply to the imposition of tax on goods, works and services imported by individuals or legal entities to Mongolia, or exported from Mongolia or sold in the territory of Mongolia.

Article 4. Definitions of legal terms

The following terms used in this law shall have the following meanings:

4.1.1. "Sales" means the transfer of goods to the ownership of others, performance of work or provision of services;

4.1.2. "Goods" means all types of assets except cash;

4.1.3. "Work" means "performance of work" specified in Chapter Thirty-one of the Civil Code;

4.1.4. "Service" means any activity other than the sale of goods or the performance of work;

4.1.5. "Business activity" means the sale of goods, performance of work or provision of services in whole or in part for the purpose of making a profit or without such purpose;

4.1.6. "Resident or non-resident" means a person defined in the Corporate Income Tax Law and the Personal Income Tax Law as follows:

4.1.6.a. "resident" means a taxpayer permanently residing in Mongolia specified in Article 5.3 of the Corporate Income Tax Law and a resident permanently residing in Mongolia specified in Article 5.3 of the Personal Income Tax Law. the payer;

/ This sub-clause was amended according to the law dated March 22, 2019 /

4.1.6.b. "non-resident" means a non-resident taxpayer specified in Article 5.5 of the Corporate Income Tax Law and Article 5.5 of the Personal Income Tax Law;

/ This sub-clause was amended according to the law dated March 22, 2019 /

4.1.7. "Apartment used for residential purposes" means a public or private apartment building built for human habitation and used for that purpose, in the form of non-business activities and subject to value-added tax in accordance with this law;

4.1.8. "Date of occurrence of value-added tax deduction obligation" means the date when the sales revenue of an individual or legal entity engaged in activities specified in Article 3 of this Law and earning income reaches 50 million togrogs or more;

4.1.9. "Goods received by foreign governments and international organizations on humanitarian and grant aid and soft loans" means for the purpose of repairing damage caused by force majeure and other similar disasters, as well as by the Government of Mongolia to foreign governments and international organizations. Goods received free of charge in accordance with the agreement concluded with the organization. This includes goods, works and services purchased from the domestic market with funding from foreign governments and international organizations as part of grants and humanitarian assistance;

4.1.10. "Settlement" means cash and non-cash settlement;

4.1.11. "Integrated system respondent" means the organization of collecting, processing and reporting information on electronic documents of goods, works and services of persons imported into Mongolia or exported from Mongolia and sold, performed work and provided services in the territory of Mongolia. to establish a state administrative body in charge of tax matters;

4.1.12. "Consumer system supplier" means a registered, payment component and certified equipment for operation of a person imported into Mongolia or exported from Mongolia and sold goods, performed work or provided services in the territory of Mongolia legal entity supplying equipment and systems;

4.1.13. "Value-added tax invoice" means the date, unique payment number, name, address, taxpayer number of the taxpayer or the taxpayer who is a trader or buyer, proving that the payment has been made; paper and electronic documents issued by special equipment containing information such as name, code, quantity, price, settlement and tax amount of goods, works and services sold;

4.1.14. "Receipt of payment" means the name, address, taxpayer number, and goods sold with the identification mark of the tax withholder or trader, certified by the integrated system with the date and unique payment number proving that the payment was made , paper and electronic documents issued by special equipment containing information such as name, code, quantity, price, payment and tax amount of work and services;

4.1.15. "Unique payment number" means a taxpayer's taxpayer number, branch or representative office of a withholding taxpayer if the trade and service provider continues the branch number, payment date and settlement number without using any symbols in the middle. a numerical number;

4.1.16. "Registration instrument" means a device that can store and transmit payment, payment card and similar information certified by an authorized organization with a special identification mark containing information on payment receipts intended to prove the purchase, payment and sale of goods, works and services. all types of payment and settlement instruments;

4.1.17. "Registration machine" means a cash register with a special purpose, a POS terminal or equipment with similar software that is an integral part of a taxpayer's sales in accordance with the payment document and transmits registration information to the payment and settlement system;

4.1.18. "Registration system" means a set of activities to register sales taxpayer's sales information in a registration machine through a registration device containing information on goods, works and services purchased by citizens and legal entities and to centralize it in the tax administration database;

4.1.19. "Date of becoming a value-added tax withholder" means the date of registration as a value-added tax withholder in accordance with this law and obtaining a certificate;

4.1.20. "Integrated system" means a system that collects, processes and reports payment receipts for goods sold, works performed and services provided by a person operating in Mongolia;

4.1.21. "Consumer system" means certified equipment and systems for goods, warehousing, sales registration, payment components, integrated system of goods, works and services for persons operating in Mongolia.

**CHAPTER TWO DETERMINATION
, REGISTRATION AND DEFENSE OF TAXPAYERS AND TAXPAYERS**

Article 5. Taxpayer and tax withholder

A taxpayer shall be an individual who does not sell goods, works or services in any form, but purchases and imports goods for personal use, not for business activities.

/ This part was amended according to the law dated March 22, 2019 /

5.2. The following persons who are obliged to deduct taxes and deduct from operating sales revenue up to MNT 50 million or more shall be tax withheld:

5.2.1. Sales of goods, works and services in the territory of Mongolia;

5.2.2. Goods, works and services are imported;

5.2.3. Goods, works and services have been exported.

5.3. If the amount of sales revenue of goods, works and services sold by a representative office of a foreign business entity specified in the Law on Corporate Income Tax has reached 50 million togrogs or more, it shall be covered by Article 5.2 of this law.

5.4. No tax shall be imposed on salaries, wages, allowances, pensions, allowances, bonuses and incentives paid to a citizen working permanently or temporarily under an employment agreement.

5.5. The amount of sales revenue specified in Articles 4.1.8 and 5.2 of this Law in the amount of 50 million MNT or more shall not include the sale of fixed assets registered with the assets of the person.

/ This part was amended according to the law dated March 22, 2019 /

5.6. The amount of sales revenue specified in 5.2 of this Law shall be confirmed by primary accounting documents.

Article 6. Taxpayer registration

6.1. An individual or legal entity that has an obligation to withhold tax in accordance with Article 4.1.8 of this Law shall submit an application for registration as a withholding taxpayer to the relevant tax authority within 10 working days.

/ This part was amended according to the law dated March 22, 2019 /

6.2. The relevant tax authority shall register a taxpayer as a withholder within three working days after receiving the application of the person specified in provision 6.1 of this law and issue a certificate to that person.

6.3. Paragraphs 6.1 and 6.2 of this law shall not apply to individuals and legal entities engaged exclusively in goods, works and services exempt from tax specified in this law.

6.4. In case a taxpayer changes the type and form of organization, the taxpayer's relationship, rights and obligations shall be maintained and relevant changes shall be made to the certificate.

6.5. If the amount of sales income of an individual or legal entity has reached 20 percent or more of the income specified in provision 5.2 of this law, it may be registered as a withholding taxpayer voluntarily.

6.6. The time limits specified in Articles 6.1 and 6.2 of this Law shall apply to the application for voluntary registration as a withholder and the issuance of a certificate.

6.7. A tax withholder shall be registered directly in the registration system upon registration as a withholding taxpayer and issuance of a certificate in accordance with provision 6.2 of this law.

6.8. If an individual or legal entity has no taxable income specified in this law after registration as a withholding taxpayer, or if the amount of income does not reach the threshold of being registered as a withholder, it is proved by the tax report for 12 consecutive months or not. The office shall deregister the taxpayer and revoke the certificate.

6.9. The state administrative body in charge of tax matters shall publish the list of individuals and legal entities registered as tax withholders and deregistered on a monthly basis through the mass media and on the national website.

A person who has been deregistered from a taxpayer registration shall not be released from his / her duties as a tax withholder and shall not be a ground for not re-registering.

6.11. The head of the state administrative body in charge of tax matters shall approve the invoices, documents, sample certificates, procedures for registration and deregistration of taxpayers and taxpayers specified in Articles 4.1.13, 4.1.14, 4.1.15 and 6.2 of this Law.

CHAPTER THREE TAXED GOODS, WORKS AND SERVICES

Article 7. Taxable goods, works and services

Unless otherwise provided by law, the following goods, works and services shall be taxed:

- 7.1.1. All types of goods, works and services sold in the territory of Mongolia;
- 7.1.2. All types of goods, works and services imported to Mongolia from abroad;
- 7.1.3. All types of goods, works and services exported from Mongolia.

The following activities shall be included in 7.1 in the same way:

To sell rights;

7.2.2. When a withholding taxpayer is deregistered from a tax withheld on the grounds specified in 6.9 of this Law or on other grounds, as well as in the event of liquidation of a withholding legal entity on the grounds specified in Article 32 of the Civil Code, shareholders, shareholders and withholding goods for taxpayers;

~~7.2.3. Notary services;~~

/ This provision was repealed by the law in 5 May 2019 /

7.2.4. To repay debt by transferring goods, performing works and providing services;

7.2.5. Goods sold, work performed and services rendered by a non-resident to a resident;

7.2.6. To provide electricity, heat, gas, water supply, sewerage, post, communication and other services;

7.2.7. To lease goods, possess or use them in other forms;

7.2.8. To rent an apartment in a hotel or similar building, to possess or use it in other forms;

7.2.9. To lease immovable and movable property, to possess or use it in other forms;

7.2.10. Transfer, lease and sell inventions, product designs, utility models, copyrighted works, software, trademarks, know-how and property information;

7.2.11. To provide services for conducting lotteries, paid puzzles and gambling;

7.2.12. Provide brokerage services specified in Chapter Thirty-Nine of the Civil Code (brokerage, brokerage exclusive rights, trade representatives, commissions and other equivalents);

7.2.13. To receive interest, fines and penalties due to wrongful actions of others;

7.2.14. asset valuation services;

7.2.15. Budget financing, subsidies and incentives provided by the state;

7.2.16. Financing by purchasing the right to demand / similar agreements such as factoring and forfeiting /;

7.2.17. Advocacy and legal counseling services;

7.2.18. All types of services other than those specified in Article 13 of this law, such as hairdressing, beauty, maintenance, laundry and dry cleaning.

7.3. The following conditions shall be met when imposing tax on goods, works and services specified in Articles 7.1 and 7.2 of this Law:

7.3.1. The person shall be a tax withholder in accordance with Articles 5 and 6 of this Law;

7.3.2. The sale was made within the scope of business activities.

Article 7.3.1 of this law shall not apply to Article 7.2.5 of this law.

CHAPTER FOUR PROCEDURES FOR TAXATION OF TAXES

Article 8. Imposition of tax

Tax shall be imposed in accordance with the following procedures:

8.1.1. When goods, works and services are imported, exported or sold;

8.1.2. In case of purchasing a financial leased item, in accordance with the agreed schedule for making lease payments from time to time;

8.1.3. If the item of the financing agreement to purchase the right of claim specified in 7.2.16 of this Law has been purchased, in accordance with the agreed payment schedule from time to time.

8.2. Taxation of income specified in Article 7 of this Law and exemption from such tax in accordance with Article 13 of this Law shall be followed by "Classification of all types of economic activities".

8.3. The "Classification of all types of economic activities" specified in Article 8.2 of this Law shall be approved jointly by the Government member in charge of finance and budget and the Chairman of the National Statistics Committee.

8.4. The Government member in charge of finance and budget shall approve the procedure for payment of tax specified in provision 11.4 of this law to the budget.

Article 9. Tax assessment

9.1. The taxable assessment shall be determined as follows:

9.1.1. The value of tax assessed on imported goods shall be added to the Customs value determined in accordance with the Customs Tariff and Customs Tax in accordance with the Customs Customs, excise and other taxes;

9.1.2. Taxable value of goods, works and services sold in the territory of Mongolia based on their current market prices and tariffs;

9.1.3. Assessment of taxable value for activities specified in Articles 7.2.1 and 7.2.2 of this Law based on current market prices and tariffs for those goods, works and services;

9.1.4. The taxable value of individuals and legal entities engaged in lotteries, paid puzzles and gambling services in the total amount paid by the participant;

9.1.5. If the debt was settled through the transfer of goods, performance of work or provision of services in value;

9.1.6. For brokerage services specified in 7.2.12 of this Law, based on the current market prices and tariffs, unless otherwise specified in the brokerage agreement or the amount of brokerage fees specified in the brokerage contract;

9.1.7. The taxable value of the person purchasing and financing the right of claim specified in 7.2.16 of this Law shall be deducted from the total amount of the right related to the right to demand financing.

/ This part was amended according to the law dated March 22, 2019 /

9.2. The tax assessment shall be determined by the tax authority based on the current market price and tariff in the following cases:

9.2.1. Prices and tariffs for goods, works and services sold are unknown;

9.2.2. Exchange of goods, works and services;

9.2.3. Related parties sold goods, works and services to each other free of charge or at a lower or higher price and tariff than the market price.

9.3. If a tax assessment is made in a foreign currency, it shall be converted into togrogs based on the exchange rate of the Bank of Mongolia on the date specified in 10.2 of this law.

Article 10. Term of imposition of tax

10.1. The period for imposition of tax on sales of a withholding taxpayer shall be calculated from the date of issuance of the certificate by the tax administration.

10.2. The time of imposition of tax on each sale of goods, works and services shall be determined by the date of the first of the following actions:

10.2.1. The date on which the seller received income from the sale of goods, works and services;

10.2.2. The date of sale of goods, works and services and receipt of payment and invoice;

/ This part was amended according to the law dated March 22, 2019 /

10.2.3. The date of purchase of goods, works and services.

10.3. The period for imposition of tax on electricity, heat, gas, water supply, post, telecommunications and other regular services shall be determined by the date on which the payment receipt was made or the day on which the payment was received.

10.4. The period for imposition of tax on goods specified in 7.2.2 of this Law shall be determined by the date on which the goods are retained.

10.5. If the goods are imported, the time for imposition of tax shall be set on the day the goods are declared to the Customs.

CHAPTER FIVE PERCENTAGE OF TAXES

Article 11. Tax rate

11.1. 10 percent shall be imposed on the sales value of goods, works and services specified in 7.1.1 and 7.1.2 of this Law.

The tax rate to be imposed on goods, works and services specified in 7.1.3 of this Law shall be equal to zero ("0").

11.3. The tax on imported gasoline or diesel fuel shall be levied at 0-10 percent.

The Government shall set the tax rate for imported gasoline and diesel fuel within the limits specified in Article 11.3 of this Law, taking into account the specifics of the sector.

Article 12. Application of zero tax rate / "0" /

The following goods, works and services exported shall be taxed at the rate specified in Article 11.2 of this Law:

12.1.1. Goods exported from the territory of Mongolia and declared to the Customs;

12.1.2. International passenger and cargo transportation services provided by Mongolia to a foreign country, from a foreign country to Mongolia, as well as from a foreign country to other countries through the Mongolian border in accordance with an international treaty to which Mongolia is a party;

12.1.3. Services provided outside the territory of Mongolia (including tax exempt services);

12.1.4. Services provided to non-residents of Mongolia (including tax-exempt services);

12.1.5. Air traffic control, technical and fuel services, cleaning, flight crew and trade, food and beverage services provided to domestic and foreign aircraft operating international flights;

12.1.6. State medals, banknotes and coins produced domestically by the order of the Government and the Bank of Mongolia;

12.1.7. The final product of mineral resources.

Article 12.1.4 of this law shall not apply to services provided in direct connection with movable and immovable property located in the territory of Mongolia.

12.3. Paragraph 12.1 of this law shall apply to withholding taxpayers engaged in export activities on the basis of an agreement concluded with a non-resident person in Mongolia.

/ This part was amended according to the law dated March 22, 2019 /

12.4. Article 12.1.2 of this law shall not apply to separate transportation within the borders of Mongolia in connection with international passenger and cargo transportation services.

The Government shall determine the type, classification and code of the final *mineral* product exported specified in 12.1.7 of this Law .

CHAPTER SIX TAX EXEMPTION

Article 13. Tax exemption

The following goods shall be exempt from tax:

- 13.1.1. Goods for personal use approved by the Customs and in the amount allowed for tax-free entry for passengers;
- 13.1.2. Goods imported for the needs of foreign diplomatic missions and consulates permanently residing in the territory of Mongolia, the United Nations and its specialized branches;
- 13.1.3. Goods received from foreign governments and international organizations on grants, humanitarian aid and soft loans;
- 13.1.4. Special purpose tools, equipment and vehicles for use by citizens with disabilities;
- 13.1.5. Weapons and special equipment imported for the needs of the armed forces, police, state security, enforcement of court decisions, state special protection organizations and the Anti-Corruption Agency;
/ This clause was amended according to the law dated March 22, 2019 /
/ This clause was amended according to the law dated May 14, 2020 /
- 13.1.6 air passenger ships and their spare parts;
- 13.1.7. Income from the sale of an apartment or part thereof used for housing purposes;
- 13.1.8. Blood, blood products and organs to be used for medical purposes;
- 13.1.9. Gas fuel, its containers, equipment, special purpose machinery, machinery and equipment;
- 13.1.10. The national currency of Mongolia ordered abroad;
- 13.1.11. Gold sold;
- 13.1.12. Experimental products of scientific research;
- 13.1.13. *Mineral* products exported other than those specified in 12.1.7 of this law ;
- 13.1.14. Any claim arising from a loan or financial lease agreement transferred from a bank, non-bank financial institution or other legal entity to a bank, special purpose company or housing finance company for the purpose of issuing asset-backed securities;
- 13.1.15. Cereals, potatoes, vegetables, seedlings, fruits and flour produced by a farmer;
- 13.1.16. Lean and processed meat, unprocessed internal organs and by-products sold domestically in the territory of Mongolia;
- 13.1.17. Food milk and dairy products processed domestically and sold domestically in the territory of Mongolia;
- 13.1.18. Equipment and spare parts for the production of small and medium enterprises manufactured and sold in the territory of Mongolia;
- 13.1.19. Raw materials, materials and reagents not required to produce new goods and products in the domestic and foreign markets by the innovation project;
- 13.1.20. Imported round timber, logs, sawn timber, planks, logs, semi-finished timber;
- 13.1.21. Raw and washed and combed cashmere and leather exported;
- 13.1.22. Materials, techniques, equipment, substances and tools to be used for research, analysis and restoration of cultural heritage;
- 13.1.23. Goods, works and services purchased by Mongolia for the official use of diplomatic missions and consulates abroad and for the personal use of their employees shall be exempted from taxation in that country, while those purchased by diplomatic missions and consular posts in Mongolia. goods purchased, work performed and services provided in the territory of Mongolia for personal use;

13.1.24. An international postal item addressed to an individual with no more than two identical goods worth 10 times the minimum monthly wage and 30 times the minimum monthly wage for a laptop;

13.1.25. The contractor and subcontractor shall import special purpose machinery, equipment, equipment, raw materials, materials, chemicals and explosives for the period of exploration and for the first five years of operation for activities related to oil and non-conventional oil. , spare parts;

13.1.26. Report materials, samples and petroleum related to petroleum and non-traditional petroleum;

13.1.27. Goods worth up to three million togrogs purchased by a passenger in a free zone.

13.1.28. Renewable energy research and production equipment, its accessories and spare parts.

/ This provision was added by the law in December 18, 2015 /

The Government shall approve the list of goods related to Articles 13.1.9, 13.1.12, 13.1.18, 13.1.19, 13.1.20, 13.1.22 and 13.1.28 of this Law.

/ This provision was amended according to the law dated December 18, 2015 /

/ This part was amended according to the law dated March 22, 2019 /

Article 13.1.4 of this law shall not apply to the purchase of a non-special purpose vehicle.

13.4. Article 13.1.7 of this law shall not apply to a newly built apartment building for sale.

13.5. The following services shall be exempt from tax:

Currency exchange services;

13.5.2. Banking services related to receiving, transferring money, issuing guarantees, payment invoices, promissory notes and savings accounts;

13.5.3. Insurance, insurance brokerage, reinsurance and property registration services;

13.5.4. Services for issuing, transferring, selling , receiving and issuing guarantees for securities and shares ;

13.5.4 The activities of registering, issuing, trading, transferring, selling, receiving and storing financial instruments specified in Article 4.1.6 of the Securities Market Law in the primary, secondary and over-the-counter markets and issuing guarantees for them;

/ This provision was amended according to the law dated March 22, 2019 /

13.5.5. Lending services;

13.5.6. Services for issuing and transferring interest on placement of funds of social and health insurance funds;

13.5.7. Loan interest rates of banking and non-bank financial institutions, savings and credit cooperatives, interest rates specified in Article 9.4 of the Corporate Income Tax Law, shares, securities, other financial instruments and financial lease interest rates specified in Article 10.1.3. services to pay dividends, loan guarantee fees and insurance contract fees;

/ This clause was amended according to the law dated March 22, 2019 /

13.5.8. Services for renting an apartment built for residential purposes and a certain part of it;

13.5.9. Educational and vocational training services specified in the charter of an individual or legal entity licensed to conduct educational and vocational training;

13.5.10. Health services;

13.5.11. Services of religious organizations;

13.5.12. Services provided by government organizations. This includes public services provided by the government, its agencies and budgetary entities;

13.5.13. Public transportation services specified in 3.1.11 of the Law on Road Transport [6];

13.5.14. Services provided to foreign tourists (tour operator) by a legal entity engaged in tourism activities by concluding an agreement with a foreign tourism organization to receive tourists, plan and advertise the service, and compile documents;

13.5.15. Cultural heritage restoration services;

13.5.16. Funeral services.

13.5.17. Sources of income allocated from the state budget to the Future Heritage Fund and investment income of the fund.

/ This provision was added by the law in 5 February 2016 /

13.5.18. Veterinary services.

/ This provision was added by the law in December 08, 2017 /

13.5.19. Notary services.

/ This provision was added by the law in 5 May 2019 /

13.6. A person who sells goods, works and services worth less than 50 million togrogs per year (except for import) shall be exempt from tax.

Article 13.5.10 of this law shall not apply to the production and sale of drugs, medicines, medical devices and equipment.

13.8. The services specified in 13.5.14 of this law shall not include tourist bases, restaurants, tourist transportation, guiding and hotel services.

13.9. If goods, works and services are transferred to others free of charge or used for personal use in forms other than those used for internal production turnover, they shall not be exempt from value-added tax.

13.10. Paragraph 13.1 of this Law shall not apply to a person selling goods specified in 13.1.15, 13.1.16 and 13.1.17 of this Law.

13.11. Goods and works purchased from the domestic market with financial / monetary funds provided by foreign governments and international organizations within the framework of humanitarian and grant aid, grant and humanitarian aid and soft loans received from foreign governments and international organizations The member of the Government in charge of finance and budget shall approve the procedure for tax exemption for services.

13.12. Services that non-governmental organizations receive funding from the Government on the basis of decisions and agreements and perform certain functions of the state executive body in full or in part shall not apply to 13.5.12.

13.13. The principle of refunding the tax paid to foreign diplomatic missions and consulates and their employees shall be followed in exercising the tax exemption specified in 13.1.23 of this law.

13.14. Goods, works and services financed by the Government of Mongolia in accordance with international agreements concluded and ratified by foreign governments and international organizations;

13.15. The Government shall approve the name of the project or activity specified in 13.14 of this Law, the person implementing it, the amount of project financing and the project implementation period.

CHAPTER SEVEN TAX DEDUCTION AND REFUND

Article 14. Deduction of taxes

14.1. The following taxes paid in accordance with Articles 7, 8 and 11 of this Law shall be deducted from the tax payable to an individual or legal entity in the period after registration as a withholder:

14.1.1. Paid for goods, works and services purchased for production and service purposes in the territory of Mongolia;

14.1.2. Paid for goods imported for sale, as well as for production and service purposes;

14.1.3. Paid for goods, works and services imported or purchased from others from the date of application for registration as a withholding taxpayer to the date of registration as a withholding taxpayer;

14.1.4. For the production of meat, milk, eggs, leather, sheep, camel wool, cashmere, yak wool and meat processing products prepared or planted by individuals or legal entities engaged in animal husbandry and agricultural production and not subjected to primary processing; If five heads of livestock, potatoes, vegetables, fruits and domestically produced flour are sold to domestic producers, they shall be deemed to have been subject to a 10 percent tax on the value, and the taxpayer who purchased them shall be taxed at that rate;

/ This clause was amended according to the law dated March 22, 2019 /

14.1.5. Taxes paid on goods, works and services imported or purchased for the preparation of fixed assets and taxes paid on the purchase and import of fixed assets shall be deducted in proportion to the following periods:

14.1.5.a. buildings and structures for 10 years;

14.1.5.b. equipment for 5 years; / This includes exploration costs./

14.1.5.c. Directly from fixed assets other than those specified in 14.1.5.a and 14.1.5.b of this law.

/ This provision was amended according to the law dated March 22, 2019 /

14.2. No deduction shall be made from the tax payable if the primary raw materials specified in 14.1.4 of this Law are imported or purchased and re-sold.

14.3. A payment receipt shall be issued each time a taxpayer sells goods, performed work or rendered services, and these documents shall be issued as a single or joint value-added tax invoice.

14.4. A tax deduction shall be made based on a value-added tax invoice confirming the sale of goods, works and services between taxpayers.

14.5. The tax withheld shall not be deductible if the withholding tax has not been reflected in the invoice, value-added tax invoice or other accounting documents.

14.6. Tax paid on import and purchase of the following goods, works and services shall not be deducted from the total amount of tax payable by the taxpayer:

14.6.1. Passenger cars, their parts and spare parts;

14.6.2. Goods, works and services purchased for personal and employee needs;

14.6.3. Goods, works and services imported or purchased for the production and services specified in Article 13 of this Law;

14.6.4. Goods, works and services imported and purchased that are not related to taxable goods, works and services for the reporting period;

14.6.5. Goods, works and services imported and purchased for pre-operational activities.

/ This part was amended according to the law dated March 22, 2019 /

14.7.1. Article 14.6.1 of this law shall not apply to taxpayers who are engaged in the sale of passenger cars, their parts and spare parts in accordance with their contracts and charters.

14.8. If the amount of deduction to be made in a given month in accordance with Article 14.1 of this Law exceeds the amount of tax payable in the same period, the tax administration shall regulate it as follows:

14.8.1. To transfer to tax to be paid in the next month, quarter and year;

14.8.2. To transfer to other types of tax payments to be paid to the budget in accordance with the legislation;

14.8.3. To return to the taxpayer.

14.9. A taxpayer shall pay tax only if some of the goods, works and services imported and purchased for production and services are used for taxable income and the rest for production and services that are not related to taxable income or taxable income. Tax on production and services shall be deducted.

14.10. Article 14.6.3 of this law shall not apply in the event that a withholding taxpayer sells goods and provides services to a person specified in 13.1.3 of this law.

/ This part was amended according to the law dated March 22, 2019 /

14.11. A taxpayer shall deduct the amount of tax paid in accordance with the schedule based on the schedule of the contract for the purchase of goods, works and services as specified in 7.2.16 of this Law.

Article 15. Tax refund

15.1. Overpaid tax of a taxpayer shall be refunded in the following manner:

15.1.1. A withholding taxpayer shall submit his / her refund request in writing to the relevant tax authority at the time of tax calculation and submission of the report;

15.1.2. Within 15 working days after receiving the request specified in 15.1.1 of this Law, the relevant tax authority shall submit to the state administrative body in charge of tax matters a proposal for tax refund for review and approval.

/ This part was amended according to the law dated March 22, 2019 /

Taxpayers may be provided with incentives in the following forms:

15.2.1. To reimburse up to 20 percent of the tax paid by a taxpayer who meets the conditions and requirements specified in 15.3 of this Law on purchases made with a withholding taxpayer in a given quarter;

/ This part was amended according to the law dated March 22, 2019 /

15.2.2. By lottery agreement.

15.3. Refund shall be given to a taxpayer if the following conditions and requirements are fully met: 15.3.

15.3.1. Purchased from a withholding taxpayer;

15.3.2. The purchase shall be registered with the tax authority;

15.3.3. To have taxable goods, works and services;

15.3.4. Be registered in the registration instrument or registration machine.

15.4. The tax administration shall extract the amount of refund to be paid in a given quarter from the registration system for each taxpayer by the 10th of the following month, certify it and submit it to the state administrative body in charge of tax matters by the 10th of the following month. .

/ This part was amended according to the law dated March 22, 2019 /

15.5. Taxes paid on goods, works and services purchased in the territory of Mongolia for the official use of diplomatic missions and consulates and for the personal needs of their employees shall be refunded.

15.6. The person to receive refund specified in 15.5 of this Law shall submit his / her request for refund of tax paid on goods, works and services purchased on the domestic market in a given month together with relevant documents to the state administrative body in charge of tax matters by the 10th of the following month.

15.7. The state administrative body in charge of tax matters shall review and determine the amount of tax to be refunded within seven working days after receiving the request or proposal submitted in accordance with Articles 15.1.2, 15.4 and 15.6 of this Law and notify the taxpayer in writing or electronically. The amount of tax to be paid and the amount of debt shall be reviewed and a proposal for tax refund shall be submitted to the state central administrative body in charge of finance and budget within two working days.

15.8. The State Central Administrative Body Responsible for Finance and Budget Matters shall make a decision on tax refund within 45 working days after receiving the proposal.

The member of the Government in charge of finance and budget shall approve the procedure for reviewing and certifying deductions specified in Article 14 and refunds specified in Articles 15.1, 15.2.1 and 15.5 of this Law and reflecting them in accounting.

15.10 The member of the Government in charge of finance and budget shall approve the amount of refundable tax specified in 15.2.1 of this law depending on the form of payment and the form of incentive specified in 15.2.2 and the procedure for its implementation.

15.11. A person specified in Article 6.7 of this Law shall have the right to make tax deduction or refund overpaid tax.

15.12. If a domestic product is exported, the tax shall be refunded monthly and the tax of other taxpayers shall be refunded quarterly from the state budget.

15.13. Taxes and bonuses to be refunded shall be an integral part of the state budget and shall not exceed 30 percent of the type of tax to be paid to the state budget in a given month, quarter or year.

15.14. The deductions specified in Article 14 of this Law and the bonuses specified in Article 15.2 of this Law shall not overlap.

15.15. Article 15.2 of this law shall not apply to taxes paid by a taxpayer on imported goods, works and services.

/ This section was added by the law in March 22, 2019 /

**CHAPTER EIGHT
TAXATION AND REPORTING OF TAXES IN THE BUDGET**

Article 16. Imposition of tax, centralization and reporting

A taxpayer shall transfer the tax on goods, works and services sold to the treasury single account by the 10th of the following month in accordance with the following procedures and submit its report to the relevant tax authority in accordance with the approved form: 16.1.

16.1.1. Tax withheld for goods, works and services sold in a given month shall be paid by the tax withholder to the budget;

16.1.2. When purchasing goods, works and services not specified in 7.2.5 of this Law from a non-resident entity, the tax shall be deducted from the value and paid to the budget;

16.1.3. Article 16.1.2 shall not apply to taxable goods specified in subparagraph 16.2 of this law;

16.1.4. The person paying the tax shall pay to the budget the tax on goods, works and services to be considered as payment of the debt specified in 7.2.4 of this Law.

16.2. Tax on imported goods shall be imposed and reported in the following manner:

16.2.1. The Customs shall impose tax on imported goods specified in Articles 7.1.2 and 8.1.1 of this Law and take measures to be paid to the budget in accordance with Articles 9.1.1 and 11.1 of this Law;

16.2.2. The importer shall transfer the tax imposed in accordance with Article 16.2.1 of this Law to the unified treasury account;

16.2.3. The Customs Headquarters shall prepare the monthly report on tax payment by the 10th of the following month and the annual report by the 15th of January of the following year and submit it to the State Central Administrative Body Responsible for Finance and Budget Matters;

16.2.4. Value-added tax on imported gasoline and diesel fuel for the purpose of stockpiling the company shall be subject to the company's decision based on the decision of the Government determining the name of the business entity to stockpile the stock, the number of required reserves of gasoline and diesel fuel and the replacement period; imposed on the day of sale;

16.2.5. Value-added tax on gasoline and diesel fuel in the amount equal to 30 days of consumption of Mongolia shall be deferred for 30 days, except for the reserve of the company imported by the company holding a license to engage in wholesale trade and production of petroleum products.

The head of the Customs Headquarters shall approve the tax reporting form for imported goods specified in 16.2 of this Law.

The Customs shall provide information on tax levied on imported goods to the tax administration from time to time.

**CHAPTER NINE
MISCELLANEOUS**

Article 17. Integrated and user systems

The Cabinet member in charge of finance and budget shall approve the operating procedures of the integrated and consumer system service provider.

17.2. The person in charge of the integrated system shall have the following responsibilities:

17.2.1. To ensure the normal operation of the integrated system;

17.2.2. To fully and accurately integrate the information transmitted by the consumer system into the main system database and report to the authorized person;

17.2.3 Organize value-added tax incentive reconciliation and refund activities, and the operating procedure shall be approved by the Cabinet member in charge of finance and budget.

17.3. A withholding taxpayer shall perform the following activities:

17.3.1. Payment information made by a taxpayer shall be recorded in the consumer system each time a payment is made;

17.3.2. Payment receipts shall be issued to taxpayers each time goods, works and services are sold;

17.3.3. Payment receipt information registered in the consumer system shall be sent to the unified sales system within three days;

17.3.4. A register of value-added tax invoices confirming the sale of goods, works and services between taxpayers shall be entered into the relevant database and the information shall be sent to the unified system within 7 days.

17.4. Taxpayer shall have a consumer system.

17.5. It shall be prohibited for a taxpayer to refuse to issue a receipt and to issue a receipt other than forged or made payment.

17.6. If a taxpayer has issued a receipt for a different amount or has refused to issue a receipt, the taxpayer shall immediately notify the state administrative body in charge of tax matters or the relevant tax authority.

17.7. The information provided by the consumer system supplier shall not be accessible to any person other than the following and shall not be disclosed:

17.7.1. The tax office;

17.7.2. Statistical office;

17.7.3. The person transmitting the information.

Article 18. Entry into force of the law

This law shall enter into force on January 1, 2016.

CHAIRMAN OF THE PARLIAMENT OF MONGOLIA Z.ENKHBOLD