

LAW OF MONGOLIA

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city

Ulaanbaatar

PERSONAL INCOME TAX

(revised version)

CHAPTER ONE|

General provision

Article 1. Purpose of this Law

- 1.1. The purpose of this Law is to regulate relations pertinent to assessment of personal income tax, payment of such taxes to the budget, and filing a tax return.

Article 2. Personal Income Tax legislation

2.1. The personal income tax (hereinafter to be referred to as "tax") legislation shall comprise of the Constitution of Mongolia, the General Tax Law, this Law, and other legislative acts enacted in conformity therewith.

Article 3. Scope of Applicability

3.1. The relations for assessment of personal income tax referred to in Article 5 of this Law shall be regulated by this Law.

Article 4. Definition of Legal Terms

4.1. The terms used in this Law shall have the following meaning:

4.1.1. "Economic entity" means the entity referred to in provision 4.1.1 of the Law on Economic Entity Income Tax;

4.1.1. "Intangible assets" means the assets referred to in provision 4.1.2 of the Law on Economic Entity Income Tax;

4.1.3. "Micro-trader, micro-works and service provider" means an individual who runs trade, does work and renders services, passenger and freight services in an open area without having a particular workplace and/or a location with a counter;

4.1.4. "Income earned abroad" means income except for the income referred to in provisions 4.1.7 and 4.1.8 of this Law;

4.1.5. "Herder household" means a family who herds livestock full time and main earning of which is income from the animal products;

4.1.6. “Person with livestock” means an individual who owns livestock, except for those referred to in provision 4.1.5 of this Law;

4.1.7. “Income earned in Mongolia” means income equivalent to those referred to in provision 6.3 of this Law;

4.1.8. “Income sourced in Mongolia” shall refer to income earned by a non-resident individual from providing works and services to a person located in Mongolia as stipulated in provision 6.3 of this Law, and income related to individuals as stipulated in provision 4.1.7 of the Law on Economic Entity Income Tax;

4.1.9. “Immovable property” means the property referred to in provision 4.1.9 of the Law on Economic Entity Income Tax;

4.1.10. “Irregular activities” cover works and services that are not related to a full-time job of an individual according to the law or any contract, and are not regular income source;

4.1.11. For the meaning of “payer of withholding tax”, refer to provision 6.1.19 of the General Tax Law;

Article 5. Taxpayer

5.1. The citizens of Mongolia, foreign citizens or stateless persons, who earned taxable income for the current tax year or have tax duties under the laws, shall be the taxpayers under this Law.

5.2. The taxpayers shall be classified into permanent resident taxpayers of Mongolia and non-resident taxpayers of Mongolia.

5.3. A permanent resident taxpayer of Mongolia means an individual who meets any of the following conditions:

5.3.1. An individual who has resided in Mongolia for 183 days or longer during 12 consecutive months;

5.3.2. In case 50% or more of a taxable income of an individual is earned in Mongolia or sourced from Mongolia.

5.4. The order provided in provisions 5.3.1 and 5.3.2 of this Law shall be applied for determining a permanent resident taxpayer of Mongolia referred to in provision 5.3 of this Law.

5.5. Non-resident taxpayers of Mongolia shall be individuals, who earned income in Mongolia and income sourced in Mongolia, except for those referred to in provisions 5.3 and 5.6 of this Law.

5.6. A civil servant of Mongolia working abroad on assignment shall be a permanent resident taxpayer of Mongolia.

5.7. The time period referred to in provision 5.3.1 of this Law shall be counted by calendar days from the date of entry to Mongolia and in case of multiple entries, the time period shall be determined as a sum of days the taxpayer stayed in Mongolia.

5.8. Determination of the total number of days referred to in provision 5.7 of this Law shall cover the current tax year and the previous tax year.

5.9. Foreign citizens working in foreign diplomatic missions and consulates, United Nations and its subsidiaries in Mongolia, and their family members shall not be considered as permanent resident taxpayers of Mongolia.

5.10. A taxpayer may register as a resident taxpayer in Mongolia if the taxpayer has proof of working in Mongolia for 183 days or more during 12 consecutive months under the employment contract or permit issued by an authorized organization.

5.11 The head of the public administration body in charge of tax matters shall approve procedures related to determining permanent resident taxpayers of Mongolia and non-resident taxpayers of Mongolia referred to in this Article, their registering, tax settlement, and excluding them from the registry.

CHAPTER TWO

Taxable Income

Article 6. Taxable Income

6.1. Income earned in Mongolia and sourced from Mongolia as well as income earned in foreign countries by permanent resident taxpayers of Mongolia during the current tax year shall be taxed.

6.2. Income earned in Mongolia and income sourced in Mongolia during the current tax year by non-permanent resident taxpayers of Mongolia referred to in provision 5.5 shall be taxed.

6.3. The following income of a taxpayer shall be subject to taxation:

6.3.1. Salary, wages, bonuses, incentives, and other employment income similar to them;

6.3.2. Income from activities;

6.3.3. Property income;

6.3.4. Income from property sale and transfer;

6.3.5. Indirect income;

6.3.6. Other income.

Article 7. Salary, wages, bonuses, incentives from employment, and other income similar to them

7.1. Salary, wages, bonuses, incentives, and other employment income similar to them shall include the following income:

7.1.1. Base salary, additional wages, bonuses, incentives, vacation pay, benefits, allowances, and other similar income earned in accordance with employment contract concluded with the employer;

7.1.2. Allowances provided by the employer to the employees and/or employee's family members and other similar income;

7.1.3. Gifts provided by the employer to the employees and/or employee's family members;

7.1.4. Salary, wages, bonuses, incentives, and other similar income of members of a board of directors, supervision committee, part-time committee, and other committees, boards, and working groups;

7.1.5. All types of bonuses, incentives, and other similar income given by foreign and domestic economic entities, organizations, individuals, and other entities;

7.1.6. Wages, bonuses, additional wages, allowances and other similar income earned under the contracts concluded with the legal entities and individuals other than his/her main employer;

7.1.7. Meal and transportation allowances provided in cash

Article 8. Income from activities

8.1. The income from activities shall include the following incomes earned through activities without establishing a legal entity:

8.1.1. Income from independent professional works and services;

8.1.2. Income earned from proprietorship activities such as production and sale of goods, work performed, services rendered, and intermediary activities.

8.1.3 Income from the activities such as creation of scientific, literary, and artistic works, invention, product design and useful design works, organizing sports competitions and artistic events, and participating in them, and other similar income.

8.1.4 Goods, works and services received from others free of charge in connection with his/her main activities

8.2 Income from ad hoc\irregular activities shall be included in income from activities.

Article 9. Property income

9.1. The property income shall include the following:

9.1.1. Income from use and leasing of property;

9.1.2. Income from titles/rights/royalties;

9.1.3. Income from dividends;

9.1.4. Income from interests;

9.2. Income from titles/rights/royalties shall include income referred to in provision 9.2 of the Law on Economic Entity Income Tax.

9.3. Income from dividends shall include income referred to in provision 9.3 of the Law on Economic Entity Income Tax.

9.4. Income from interests shall include income referred to in Provision 9.4 of the Law on Economic Entity Income Tax.

Article 10. Income from sale and transfer of property

10.1. Income from property sale and transfer shall include the following income:

10.1.1. Income from sale and transfer of immovable property;

10.1.2. Income from sale and transfer of land titles for its possession and, and other intangible assets;

10.1.3. Income from sale of movable property;

10.1.4. Income from sale of shares, securities, and other financial instruments;

10.2. Income from the sale and transfer of intangible assets shall include an income of a taxpayer from transfer of his/her ownership title to intangible assets to others according to the law.

Article 11. Indirect income

11.1. The following income from goods, works and services provided by the employer in addition to salary, wages, bonuses, and incentives and that are not directly related to his/her official duties shall be considered as indirect income

11.1.1. Free of charge or discounted transportation services;

11.1.2. Payments for utilities, renting, lodging costs, and fuel cost payments;

11.1.3. Payment for entertainment;

11.1.4. Payment for made services, driver, gardener, and other services costs;

11.1.5. Payment for settlement of debts to the employer or other entities;

11.1.6. Difference between the commercial loan interest and the lower interest loans provided to her/him;

11.1.7. Voluntary insurance premium paid by the employer except for those referred to in provision 11.2.7 of this Law;

11.1.8. Payment of the tuition fee of the family member;

11.1.9 Payment for the resettlement (cost of moving in and out of Mongolia)

11.1.10 Allowance for hardship (for living in continental climate)

11.1.11 Other income similar to those referred to in provisions 11.1.1, 11.1.2, 11.1.3, 11.1.4, 11.1.5, 11.1.6, 11.1.7, 11.1.8, 11.1.9, and 11.1.10 of this Law.

11.2. The following indirect income granted by the employer to the employee to improve the work environment and work conditions for performing his/her duties shall not be subject to taxation:

11.2.1. All employees are provided with food on the same conditions in canteen, cafeteria, and/or break room;

11.2.2. Provision of recreation facilities and other services and the unified transportation to/from the workplace;

11.2.3. The interest rate difference between commercial loans and the loan provided to the employees for purchase and/or construction of accommodation/apartments/houses with lower interest rate;

11.2.4. Allowance and support provided for the payment made to the medical organizations;

11.2.5. Business trip expenses paid by the employer;

11.2.6. Costs of labor safety clothes and uniforms, poison neutralizing drinks, and other similar supplies provided by the employer under the legislation;

11.2.7. The premiums paid by the employer for voluntary life, health, accidents, and professional liability insurance in relation to employment.

11.3. Indirect income referred to in provision 11.1 of this Law shall be determined as the amount of expenses incurred by the employer to provide this income.

Article 12. Other income

12.1. Income referred to in provision 6.3.6 of this Law shall include the following income:

12.1.1. Income from prizes and awards for art contests and sports competitions, and Naadam festivities and other income similar to them;

12.1.2. Income from trivia\puzzles, bets, and lottery prizes;

12.1.3. Income from micro-trading, micro-works, and micro-services;

Article 13. Determination of the taxable income

13.1. When determining the amount of taxable income, the tax exempted income shall be deducted.

CHAPTER THREE

Determination of Taxable Income

Article 14. Determination of taxable income from salary, wages, bonuses, incentives, and other similar income

14.1. When determining the amount of taxable income from salary, wages, bonuses, incentives, and other similar income referred to in provision 7.1 of this Law the amount paid for social and health insurance contributions shall be deducted.

Article 15. Determination of taxable operational income

15.1. The taxable operational income shall be determined by deducting expenses that satisfy the conditions and requirements referred to in provision 13.1, adhering to the principle referred to in provision 13.2, and complying with provisions 14, 15, 16, and 17 of the Law on Economic Entity Income Tax.

15.2. In the case the taxpayer spent the deductible expenses referred to in provision 15.1 of this Law for his/her personal needs, then these expenses shall not be deducted from the taxable income.

15.3. In the case the taxpayer used his/her produced goods, works, and services for his/her own and/or his/her family needs, the proportion of such operational expenses for such goods, works, and services shall not be considered as deductible expenses.

15.4. In the case the taxpayer co-used machinery, equipment, and building for his/her and/or family needs at the same time, then the operational expenses shall be proportionately calculated and deducted from the taxable income.

15.5. Salary and wages paid to the family members shall be calculated proportionately to the social insurance contributions paid and included in the deductible expenses.

15.6. In the case the individual, who filed a tax return with **a taxable income of up to** MNT 50.0 million in the previous year, submits a request and the **local** tax administration registers the request, then taxable operational income can be determined as the total amount of operational income.

15.7. A taxpayer, who satisfies the conditions and requirements referred to in the Law on Value Added Taxes, is registered as a value-added tax withholder and is entitled to enjoy the tax credits and exemptions under this Law, shall not submit a request referred to in provision 15.6 of this Law.

15.8. The procedures on registration of requests referred to in provision 15.6 of this Law, their processing and removal from the registry shall be approved by the head of the public administration body in charge of tax matters.

Article 16. Determination of taxable income from property income

16.1. The taxable income from property shall be determined as follows:

16.1.1. The difference after deduction of the documented expenses related to use by others or lease of the property from the total income from its use by others and leasing;

16.1.2. The total amount of income from titles/rights/royalties;

16.1.2. The total amount of income from dividends;

16.1.4. The total amount of interest income.

16.2. In the event of liquidation of an economic entity, where the taxpayer is a shareholder, the taxable income shall be determined by deducting the initial purchase price of the shares and assets, and the expenses incurred for becoming the shareholder from the amount of income allocated to the taxpayer in proportion to the shares held by the taxpayer and share of the equity.

Article 17. Determination of taxable income from sale and transfer of property

17.1. Taxable income from sale and transfer of property shall be determined as follows:

17.1.1. The total amount of income from a sale of immovable property referred to in provision 10.1.1 of this Law;

17.1.2. In the case of sale and/or transfer of property referred to in provisions 10.1.2 and 10.1.3 of this Law the outstanding amount of income from sale or transfer of property after the deduction of the expenses proved by the following documents:

17.1.2. a. The documented expenses occurred in connection to the payment to the government body in connection with obtaining the title/rights;

17.1.2. b. The documented expenses occurred in connection to the payments for purchase and transfer of property;

17.1.3. The outstanding amount of income from the sale of shares, securities, and other financial instruments referred to in provision 10.1.4 of this Law after deduction of the purchase price of such shares, securities, and other financial instruments and any other documented expenses incurred in connection with the purchase of such shares, securities, and other financial instruments.

17.1.4. In case of sale and transfer of co-owned shares and securities, after the determination of the outstanding amount after the deduction as referred to in provision 17.1.3 of this Law, the value of the portion allotted to the taxpayer.

17.2. In case of determining the value of land titles, rights to use the land, and a taxable income from those, the methodology referred to in provision 30.6 of the Law on Economic Entity Income Tax shall be adhered to.

Article 18. Determination of taxable income from indirect income

18.1. The taxable indirect income referred to in Article 11 of this Law shall be the total amount of such income.

Article 19. Determination of taxable income from other income

19.1. The taxable income from other income referred to in Article 12 of this Law shall be determined as follows:

19.1.1. Taxable income from prizes and awards of art contests and sports competitions and the Naadam festivities and other income similar to them shall be the total amount of such income;

19.1.2. Taxable income from trivia, puzzles, betting and lottery prizes shall be the total amount of such income;

19.2. A taxpayer engaged in micro-trade, works and services may, at his request, include his/her income for the current year in income specified in Article 8 of this Law, and assess and pay tax by filing the tax return.

Article 20. Determination of taxable income of the non-resident taxpayers of Mongolia from his/her income earned in Mongolia and/or sourced in Mongolia

20.1. The taxable income of the non-resident taxpayers of Mongolia from his/her income earned in Mongolia and sourced in Mongolia shall be the total amount of such income.

20.2. Income provided by the resident of Mongolia to the individual who arrived and worked in Mongolia on behalf of a non-resident of Mongolia under the business contract between the resident of Mongolia and the non-resident of Mongolia shall be reflected in the contract by the parties.

20.3. In case of failure to specify the conditions referred to in provision 20.2 of this Law in the contract, the taxable income shall be determined as a total amount of expenses related to the individual's arrival and work in Mongolia that is included in the calculation of the contract amount.

CHAPTER FOUR

Tax rates

Article 21. Tax rates

21.1 The amount of income determined according to Articles 14 and 18 of this Law shall be taxed at the rate of 10 percent.

21.2 The income referred to in the following articles, sections and provisions shall be taxed at the following rates:

21.2.1 The income referred to in provisions 17.1.1 of this Law shall be taxed at the rate of 2 percent.

21.2.2 The income referred to in provision 19.1.1 of this Law shall be taxed at the rate of 5 percent.

21.2.3 The income referred to in provision 19.1.2 of this Law shall be taxed at the rate of 40 percent.

21.2.4 The income referred to in Article 16 and provisions 15.1, 17.1.2, and 17.1.3 of this Law shall be taxed at the rate of 10 percent.

21.2.5 The income referred to in provision 20.1.4 of this Law shall be taxed at the rate of 20 percent.

21.3 The total income referred to in provision 15.6 of this Law shall be taxed at a rate of 1 percent.

21.4 The aimag and capital city Citizens Representatives' Khurals shall set the amount of a monthly income tax for the individuals who earn the income referred to in provision 12.1.3 of this Law within the following limits:

21.4.1 For the individuals engaged in trade and services in an open area without being based at a workplace and/or a certain location equipped with a counter the minimum amount of tax shall be equal to 1 percent of the minimum wage and the maximum amount shall be equal to 50 percent of the minimum wage;

21.4.2 For the individuals engaged in passenger or freight transportation services the minimum amount of tax shall be 5 percent of the minimum wage and the maximum amount of tax shall be equal to the minimum wage;

21.5. Notwithstanding those specified in 21.2.4 and 21.2.5 of this law, taxes shall be imposed at the rate of 5 percent on interest and dividend income from debt instruments, shares, and unit rights publicly traded on foreign or local primary and secondary securities markets and held by a taxpayer, who is located in Mongolia.

CHAPTER FIVE

Tax Credit and Exemption

Article 22. Income to be Tax Exempted

22.1. The following income shall be tax exempted:

22.1.1. Pension, benefits, payments, allowances, compensations, and one - time grants paid as specifically provided in the legislation;

22.1.2. Income of individuals with disabilities;

22.1.3. Grants provided by the international organizations, foreign governments, legal entities, and citizens to the Government of Mongolia, the local organizations, legal entities, and citizens in the events of disaster;

22.1.4. Income of herder households and persons with livestock from only their livestock;

22.1.5. Payment, interest, and received compensation /аһз/ on bonds issued by the Government and the Development Bank of Mongolia;

22.1.6. Income earned from transfer of certificates on a land title and right to possess and/or use the land free of charge between the parties referred to in provision 3.1.4 of the Family Law;

22.1.7. Income from incentives for value-added tax;

22.1.8. Salary and additional wages of individuals referred to provision 5.9 of this Law;

22.1.9. Income earned abroad by foreign citizens and their family members referred to in provision 22.1.8 of this Law.

22.2. An individual, who pays taxes at the rates provided in provisions 21.3 and 21.4 of this Law, shall not enjoy the exemptions referred to in this Article.

Article 23. Tax Credits

23.1 The tax credits shall be provided to a taxpayer on an annual tax to be imposed on his/her income referred to in provisions 7.1.1-7.1.2, 7.1.3, 7.1.4, 7.1.5, and 7.1.7 of this Law as follows:

Amount of annual taxable income (in MNT)	Amount of tax credits (in MNT)
0- up to 6,000,000	240,000
6,000,000- up to 12,000,000	216 000
12,000,000- up to 18,000,000	192 000
18,000,000- up to 24,000,000	168 000
24,000,000- up to 30,000,000	144 000
30,000,000- up to 36,000,000	120 000
36,000,000 and higher	-

23.2. The tax to be imposed on income earned by a permanent resident taxpayer of Mongolia from producing or planting the following products only shall be reduced by 50 percent:

- 23.2.1. grains;
- 23.2.2. potatoes, vegetables, and their seeds;
- 23.2.3. fruits, berries, their seeds and seedlings;
- 23.2.4. fodder plants;
- 23.2.5. tree seedlings.

23.3. In the case a citizen of Mongolia has purchased under mortgage his/her apartment for the first time for private residence, then the taxpayers shall enjoy a tax credit equal to the amount paid for the difference between the highest mortgage loan interest rate determined by the Government of Mongolia and the discounted mortgage loan interest rate.

23.4. In the case a citizen of Mongolia has built or purchased his/her home for the first time for his/her private residence only using his/her taxed income and a loan provided by the bank and other financial institutions, then the taxpayers shall enjoy a tax credit on income equal to the amount spent on building the home or purchase of an apartment, and the credit amount shall be up to MNT 6 million.

23.5. In the case a biological child and/or, adopted and/or a stepchild of a taxpaying citizen of Mongolia and/or a child under care and support established by the guardian is enrolled in a foreign or domestic university, college, professional or technical school as a student then the taxpayer shall enjoy a tax credit on income equal to the amount of the documented tuition fee paid in the current tax year during the study period for the child's first undergraduate degree and/or diploma profession.

23.6. A citizen of Mongolia, who pays taxes from his/her employment income during his/her study, and pays tuition fee to attend his/her first university, college, or professional and technical school, shall enjoy the tax credit referred to in provision 25.5 of this Law.

23.7. A taxpayer shall enjoy a tax credit on income in the current year equal to the documented amount paid for the purchase of solar, wind, geothermal and other renewable energy equipment, equipment for producing semi-coke, gas, and liquid fuel from coal, stove/ furnace that meets the requirements of standards, low-pressure furnace, insulation materials and electric or gas heater for his/her personal needs.

23.8. A taxpayer shall enjoy a tax credit on income in the current year equal to the documented donation for conservation and restoration of cultural heritage.

23.9. The following income of a taxpayer shall be eligible for the tax credit:

- 23.9.1. donor compensation;
- 23.9.2. Insurance payout;
- 23.9.3. State award of Mongolia, Government awards, rewards for People's and Emeritus titles of Mongolia, and awards for scientific discoveries.

23.10. For Mongolian citizens residing in remote aimags and soums, which the aimags or soums center is far more than 500 km away from the capital city of Ulaanbaatar, and registered with the local registry, taxpayers' income specified in provision 6.3.2 of this Law shall be discounted by 50% for aimag and soum which the aimags or soums center is more than 500 km away from the capital city Ulaanbaatar, and 90% for those more than 1000 km away.

23.11. A list of equipment and supplies specified in Provision 23.7 of the Law shall be approved by the Government.

23.12. An individual, who shall pay tax at the rates as provided in provisions 21.3 and 21.4 of this Law, shall not enjoy the tax credits referred to in this Article.

23.13. A taxpayer shall enjoy one selected tax credit out of those referred to in provisions 23.3 and 23.4 of this Law

23.14. The tax credit shall not exceed the tax reported and paid within the deadline specified in the law, and shall be refunded in accordance with Article 28 except those specified in Articles 23.1 and 23.9 of the Law.

23.15. The head of the state administrative body in charge of tax matters shall approve the procedure on tax exemptions outlined in Provision 22.1 of this Law and the procedure on tax credits specified in the law.

Article 24. Deduction of Taxes Imposed in Foreign Countries from the Payable Taxes

24.1. Taxes paid by a permanent resident taxpayer of Mongolia in a foreign country shall be deducted from the taxes payable by the taxpayer in the current tax year.

24.2. The amount of the taxes to be deducted according to provision 24.1 of this law shall not exceed the taxes payable by the taxpayer in Mongolia in the current tax year.

24.3 Article 23 of this Law on Economic Entity Income Tax shall be applied to the deduction of taxes imposed in foreign countries from the payable taxes as provided in provision 24.1 of this Law.

24.4 The procedures on confirmation of the payment of taxes imposed in foreign countries and the deductions from the taxes payable shall be approved by the head of the public administration body in charge of tax matters.

CHAPTER SIX

Tax Imposition, Payment to the Budget, Filing Tax Return, Tax Deduction, and Tax Refund

Article 25. Tax Withholding and Its Payment to the Budget

25.1. A tax withholder referred to in provision 4.1.11 of this Law shall adhere to the following procedures on tax imposition:

25.1.1. To impose tax on the amount of income referred to in Articles 14 and 18 of this Law at the rate referred to in provision 21.1 of this Law and transfer it to the relevant budget;

25.1.2. To impose tax on the amount of income referred to in provisions 16.1.2, 16.1.3, and 16.1.4 of this Law at the rate referred to in provision 21.2.4 of this Law and transfer it to the relevant budget;

25.1.3. To impose tax on the amount of income referred to in provision 17.1.1 of this Law at the rate referred to in provision 21.2.1 of this Law and transfer it to the relevant budget;

25.1.4. To impose tax on the amount of income referred to in provision 19.1.1 of this Law at the rate referred to in provision 21.2.2 of this Law and transfer it to the relevant budget;

25.1.5. To impose tax on the amount of income referred to in provision 19.1.2 of this Law at the rate referred to in provision 21.2.3 of this Law and transfer it to the relevant budget;

25.1.6. To impose tax on the amount of income referred to in provision 20.1 of this Law at the rate referred to in provision 21.2.5 of this Law and transfer it to the relevant budget;

25.1.7. Impose tax on a taxpayer located in Mongolia at the rate specified in Article 21.5 of this Law on his/her interest and/or dividends income earned on debt instruments, shares, and unit rights that are openly traded in the primary and secondary markets of foreign and domestic securities, and transfer it to the relevant budget.

25.2. The banks and the financial institutions each time when they calculate the interest on the amount of the taxpayers current and savings accounts shall have the obligation of the tax withholders, and shall withhold the taxes and transfer it to the relevant budget;

25.3 The tax withholder shall deduct the tax exemption referred to in provision 22.1.2 of this Law based on the relevant evidence-when imposing tax on the income of an individual with disabilities.

25.4. The tax withholder shall record electronically or in their income and tax books the taxpayer's identification number, amount of paid income, and the amount of tax imposed on and withheld from such income to each individual every time when such payment is made, and submit an accrued amount of withholding taxes to the reporting tax administration quarterly.

25.5. A tax withholder when applying the tax credit referred to in provision 24.1 of this Law shall divide the taxable income and the tax credit equally between 12 months and shall provide such tax credit to the taxpayer every month.

25.6 A tax withholder shall transfer the tax withheld from taxpayer's income to the relevant budget within the 10th of the following month except the cases referred to in provision 25.2 of this Law.

Article 26. Self-Assessment of Tax and Its Payment to Budget

26.1. The taxpayer shall assess his/her taxable income accurately according to this Law and pay the tax to the relevant budget within the following due dates:

26.1.1. The tax on income referred to in provisions 15.1, 16.1.1, 17.1.2, and 17.1.3 of this Law shall be assessed each time at the rate referred to in provision 21.2.4 of this Law and paid within 15th of the following month;

26.1.2 The tax on income referred to in provisions 16.1.2, 16.1.3, and 16.1.4 of this Law and earned in the current tax year by the permanent taxpayer of Mongolia in foreign countries shall be assessed at the rate referred to in provision 21.2.4 of this Law and paid within 15th of February of the following year.

26.1.3 The tax on income referred to in-provision 17.1.1 of this Law and earned in the current tax year by the permanent taxpayer of Mongolia in foreign countries shall be assessed at the rate referred to in provision 21.2.1 of this Law and paid within 15th of February of the following year.

26.1.4 The tax on income referred to in Articles 14 and 18 of this Law and earned in the current tax year by the permanent taxpayer of Mongolia in foreign countries shall be assessed at the rate referred to in provision 21. 1 of this Law and paid within 15th of February of the following year.

26.1.5 The tax on income referred to in provision 19.1.1 of this Law and earned in the current tax year by the permanent taxpayer of Mongolia in foreign countries shall be assessed at the rate referred to in provision 21.2.2 of this Law and paid within 15th of February of the following year.

26.1.6 The tax on income referred to in provision 19.1.2 of this Law and earned in the current tax year by the permanent taxpayer of Mongolia in foreign countries shall be assessed at the rate referred to in provision 21.2.3 of this Law and paid within 15th of February of the following year.

26.1.7 The tax on income referred to in provision 15.6 of this Law shall be assessed at the rate referred to in provision 21.3 of this Law and paid within 15th of February the following year;

26.2. The local authority, specified in provision 21.4 of this Law, which issues permits for micro-trading, works, and services shall issue the-permits along with the certificates, collect the taxes and transfer to the relevant budget.

26.3. An individual running passenger and freight services referred to in provision 4.1.3 of this Law shall carry his/her permit and certificate as proof of the tax payment with him/herself or put such document in a visible place in his/her vehicle.

26.4. The template of a certificate as proof of the tax paid by the taxpayer referred to in provision 26.2 of this Law, shall be approved by the head of the public administration body in charge of tax matters.

26.5 A taxpayer, who is not obliged to file a tax return according to this law may prepare an annual tax return and submit it to the respective tax administration on his own will by February 15th of the following year and may make the final annual settlement.

26.6. Taxpayer, who works in an entity located in Mongolia and earns income from a non-resident of Mongolia shall pay tax to the relevant budget by the 10th of the following month on her/his taxable income referred to in Articles 14 and 18 of this Law, and file his/her annual tax return to the relevant tax administration by February 15 of the following year by cumulative amount.

Article 27. Due Dates for Filing Tax Returns

27.1. The tax withholder shall file its quarterly tax return on the tax assessed on and withheld from income determined as provided in Article 14, provisions 16.1.2, 16.1.3, 16.1.4 and 17.1.1, Article 18 and provisions 19.1.1, 19.1.2 and 20.1 of this Law and send to the relevant tax administration by the 20th of the first month of the following quarter and its annual tax return on an accrued basis by 15th of February of the following year.

27.2. The taxpayer shall file the tax return on the tax assessed on income determined as per provisions 15.1, 15.6, 16.1.1, 17.1.2, and 17.1.3 of this Law and send to the relevant tax administration on an accrued basis by 15th of February of the following year.

27.3. The local authority which issues the permits for micro trading, works, and services shall submit its report on collected taxes as provided in provision 26.2 of this Law to the relevant tax administration by 15th of February of the following year.

27.4. A permanent resident taxpayer of Mongolia shall file his/her tax return on taxes assessed on income earned in foreign countries referred to in Article 14, provisions 16.1.2, 16.1.3, 16.1.4 and 17.1.1, -Article 18 and provisions 19.1.1 and 19.1.2 of this Law on an accrued basis and send to the relevant tax administration by 15th of February of the following year.

27.5 A taxpayer who is subject to tax credits and exemptions except for those referred to in provisions 22.1.2, 22.1.4, 22.1.7, and 23.1 of this Law shall be obliged to file a tax return and such tax return shall be the basis for tax credits and exemptions.

27.6 A taxpayer may file a tax return for the current tax year before the end of such tax year and make tax settlement in advance.

Article 28. Tax Refund

28.1. The relevant tax administration shall verify and finalize the calculation and settlement of overpayment or underpayment of taxes based on the tax returns filed by the

taxpayers and tax withholders as provided in provisions 27.1, 27.2, 27.4, 27.5, and 27.6 of this Law according to the following procedures:

28.1.1. The amount of tax refund for the current tax year to be paid to a taxpayer shall be limited as provided in provision 23.14 of this Law;

28.1.2. The taxpayer shall enjoy the tax credit referred to in provision 23.1 of this Law first;

28.1.3. The taxpayer shall select and enjoy the tax credits except for the tax credits referred to in provision 23.1 of this Law within the limit referred to in provision 28.1.1 of this Law;

28.1.4. Taxpayer shall not enjoy tax credits referred to in this Law partially;

28.1.5. The tax credits except for the tax credits referred to in provision 23.4 of this Law shall not be carried forward to the following tax year.

28.2. In the case the tax amount paid by a taxpayer for the current tax year is less than the amount of the tax payable that is calculated according to the procedures referred to in provision 28.1 of this Law, then the relevant tax administration shall notify the taxpayer and make the final settlement and let the taxpayer pay the difference.

28.3. In the case the tax amount paid by a taxpayer for the current tax year exceeds the amount of the tax payable that is calculated according to the procedures referred to in provision 28.1 of this Law, then the excess amount shall be resolved as provided in-provision 49 of the General Tax Law.

28.4 The refund of the overpaid tax referred to in Provision 28.3 of this Law to the taxpayer shall take place in accordance with the following procedures:

28.4.1. The tax refund shall be paid to the taxpayer through the treasury account of the local administrative unit to which the tax administration affiliated;

28.4.2. The local tax administration shall review and determine the amount of the tax refund within 20 business days after the due date for filing tax returns referred to in Article 27 of this Law, and transfer it to the relevant local treasury unit;

28.4.3. The tax refund referred to in provision 28.4.1 of this Law shall be paid within the 2nd quarter of the following year.

28.5. The procedures regulating the relations on the refund of the tax overpaid by the taxpayer as provided in provision 28.4 and its review shall be approved by the Member of the Cabinet in charge of tax matters.

CHAPTER SEVEN

Miscellaneous

Article 29. Effectiveness of this Law

29.1. This law shall become effective from January 1, 2020.

SPEAKER OF THE STATE GREAT KHURAL
G.ZANDANSHATAR