Asian Development Bank

TAXPAYER'S REGISTRATION (INDIVIDUAL)



2023

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TAXPAYER REGISTRATION - INDIVIDUALS

1. TAXPAYER

- "Taxpayer" means a person who is obliged to pay tax according to the Tax Laws or to withhold a tax.
- Taxpayers participating in tax relations are divided into citizens (individuals), legal entities and non-legal entities (enterprises).
- Mongolian citizens, foreigners and non-citizens who received taxable income in or from Mongolia in a given tax year or who are required to pay taxes in accordance with the law must be registered as taxpayers.
- Basing on information about individuals who own and use objects of taxation in Mongolia, the Tax Office can create a register of taxpayers, of which the taxpayer will be notified at his registered address, telephone number and e-mail address.

2. TAXPAYER REGISTRATION

- The Tax Office of Mongolia implements the following 3 main functions:



- "Tax Office" means a state administrative organization, Tax Office, Tax Department of aimag, capital city, cities, districts, soum, tax department of the rural area, state tax inspector and a collector, who is responsible for implementation and control on implementation of tax legislation.
- According to the General Tax Law, taxes of Mongolia consist of taxes, fees and charges (hereinafter referred to as "taxes"), and there are 30 types of taxes in total.
- From which of the Law on dog tax, inheritance and gift tax has not been approved, and tax

authorities and customs authorities control the collection and payment of other 27 types of taxes, fees and charges.

- To perform its main functions, the Tax Office provides services for registration of taxpayers, informing them of their obligations to pay taxes, accepting reports, collecting taxes, conducting audits and resolving disputes.
- All individuals who are obliged to pay taxes or withhold taxes according to the Tax Law must be registered as taxpayers.

Registration of taxpayers is the first and most responsible step in the tax collection process.

3. LAWS RELATING TO TAXPAYER REGISTRATION

1

General Tax Law
(2019 year)

2

Taxpayer registration procedure

(Joint decree No. A/268, A/1345 of the Head of the General Tax Authority and the Head of the General Authority for State Registration of 2019)

3

Procedures for identification, registration, deregistration and tax calculation of permanent resident and non-resident taxpayers in Mongolia

(Appendix to decree No. A/266 of the Head of the General Tax Authority of 2020)

4

Procedures for registration, de-registration, tax payment and reporting of representative offices

offices (Appendix to decree No. A/272 of the Head of the General Tax Authority of 2019)

4. CLASSIFICATION OF INDIVIDUAL TAX-PAYER REGISTRATION

In order to exercise control over the payment of certain taxes, the Tax Office registers taxpayers in the following categories:

- As an income tax payer:

Permanent resident taxpayer	Non-resident taxpayer	Retail trade and service provider	An individual taxpayer under the simplified mode

- By tax type:

PIT payer	VAT payer	Taxpayer of the capital city

Property tax payer	Payments and fees
– *Real estate taxpayer* – *Taxpayer of cars and self-propelled vehicles* – *Firearms taxpayer* – *Livestock taxpayer*	– *Taxpayer of land payment* – *Taxpayer of water pollution* – *Taxpayer of air pollution* – *Taxpayer of waste service fee* – *Air pollution taxpayer* – *Taxpayer of water usage payment* – *Taxpayer of mineral spring water usage payment* – *Forest royalty taxpayer* – *Wildlife royalty taxpayer* – *Taxpayer of natural plants usage payment* – *Taxpayer for permission to use natural resources other than minerals*

- By tax jurisdiction a taxpayer is registered by the following category:

Aimag/soum of residence	Capital city/district of residence	Large, medium, small, micro, individual taxpayers

5. TAXPAYER IDENTIFICATION NUMBER AND PERSONAL FILE

- Basing on information from an authorized registration organization or a taxpayer's application, the Tax Office registers an individual as a taxpayer, issues a taxpayer number and taxpayer certificate, and opens a personal file.

- "Taxpayer certificate" is an electronic or paper document issued to a taxpayer from the registration and database of the Tax Office, with taxpayer number and special confidentiality code that reflects information about type of tax;

- "Taxpayer number" is a unique number of the Unified Taxpayer Registration System assigned to a taxpayer by the Tax Office;

- Basing on information of the authorized organization for recording information about the possessor, owner, user of the object of taxation or the person who owns the object of taxation, a permit issued to the taxpayer to transfer the right of ownership, possession or use, or basing on application of the taxpayer, the tax authority from time to time creates registration of the tax type, which is registered in the integrated database.

- The taxpayer number is issued once: for foreign citizens - it is 11-digit unique number issued by the Tax Office, and for citizens of Mongolia - it is 12-digit number provided by the database of the state registration of citizens specified in Article 4.1.1 of the Law on State Registration of Citizens.

- This number can be viewed by scanning the QR code on the back of the ID card.

- A taxpayer's personal file includes taxpayer records, reports, tax payments, refunds, deductions, audits, risk calculations, proposals, inquiries, complaints, discounts, preferential materials submitted to the Tax Office, other documents such as reference, request and information about the taxpayer submitted by other enterprises, organizations or citizens, as well as documents related to tax activities.

6. RIGHTS OF THE TAXPAYER

	Rights of the Taxpayer	Provisions of the General Tax Law
1	Get information, instructions and advice from the Tax Office	12.1.1. Obtain information, advice, instructions, procedures, methods and forms of taxation, payments and reporting related to the application of tax legislation, exercise of the rights of taxpayer and fulfillment of obligations;
2	Have tax concession & exemption	12.1.2. receive tax concession and exemption from tax;
3	Extension of tax payment period	12.1.3. extension of tax payment period according to law;
4	Get a refund of overpaid tax and claim undue loss	12.1.4. refund of overpaid taxes, withholding, calculating and invoicing dues;
5	Representation by qualified tax consultant and trustees	12.1.5. protect and represent own rights and legal interests personally or through an authorized representatives and qualified consultants, as well as personally participate in tax audits;
6	Familiarize with a decision of the Tax Office and file a complaint	12.1.6. Get acquainted with the tax acts and other documents issued by the Tax Office, and if they are recognized as unfounded or inconsistent with the law, file an administrative or judicial complaint within 30 days from the date received the decision;
7	Obtaining and giving explanations from the state tax inspector	12.1.7. receive or provide comments on the amount of taxation, payment or verification;
8	Make demands and claim damages to the tax office and state tax inspector	12.1.8. Require tax authorities and state tax inspectors to comply with tax legislation, to compensate for losses caused by illegal decisions and actions of tax authorities, in the manner prescribed by law;
9	Appeal to a decision of the Tax Office through administrative and judicial procedures	12.1.9. File a complaint against unlawful actions and decisions of tax authorities and state tax inspectors to their direct subordinates and superior officials, as well as to the court. The filing of such a complaint is not a basis for stopping the payment of taxes, fines, penalties;
10	Get help from a tax consultant	12.1.10. Get help and advice from a certified public accountant or statutory tax consultant in fulfilling obligations and exercising rights under the Tax Law;

11	Don't pay more taxes than what's required by law	12.1.11. In case of obtaining a stabilization certificate in accordance with the Investment Law, during the valid period of the certificate, tax at a stabilized rate and amount is not paid in excess of the stabilized rate and amount;
12	Other	12.1.12. Other rights provided by law.

7. OBLIGATIONS OF THE TAXPAYER

	Obligations of the taxpayer	**Obligations under the General Tax Law (legal provisions)**
1	Compliance with tax laws	28.10. The taxpayer is responsible for compliance with laws and instructions, methods, forms, rules and regulations approved by the tax authorities.
2	Register as a taxpayer	25.1. According to the tax law, a person who is obliged to pay tax or withhold tax shall be registered as a taxpayer.
3	Prepare tax report and pay	29.1. The taxpayer shall submit the tax return electronically or in paper form in accordance with the approved model and instructions within the time prescribed by law and submit it to the relevant Tax Office. 30.5. The taxpayer is obliged to eliminate inconsistencies indicated in the requirements and submit an amended report within 3 working days after receiving the requirements of this Law from the Tax Office.
4	Pay taxes on time	28.8. Taxes shall be recorded, levied, reported and paid in MNT, the national currency of Mongolia.
5	Subject to inspection according to the notice of the Tax Office	41.1. Tax authorities will check whether the tax payer has fully determined the amount of tax due in accordance with the tax legislation and paid it on time. 41.12.1. Protect own rights and legal interests in person or through an authorized representative or a qualified consultant, personally participate in tax audits, provide evidence and justification; 41.12.2. Obtain or provide comments on the process and results of taxation, payment, and tax inspection; 41.12.3. Provide necessary for the tax audit financial and other documents to the tax authorities in electronic or paper form in the prescribed manner and undergo a tax audit.

6	Provide information to the Tax Office	28.4. The taxpayer is obliged to submit to the Tax Office documents on the transfer of taxable property and ownership rights to ownership, possession, use of other persons. 26.9. A Mongolian taxpayer who is a permanent resident of Mongolia is required to report to the Tax Office the name and address of a legal entity established in a foreign state during the tax year. 38.2. The taxpayer is responsible for storing and submitting information on controlled transactions.
7	Connect and register in the Electronic Tax System	28.2. When taxing, the taxpayer is obliged to register and document income and expenditure transactions, draw up, print and send electronic receipts, make full use of standard cash registers, devices, computers and other accessories connected to tax registration and integrated database in accordance with the law, and send the sales information to tax registration and integrated database within 14 days. 29.7. The tax report sent to the Tax Office in electronic form is certified by an electronic signature, and if it is not certified, they are sent in paper form.
8	Making electronic documents	28.5. Every time when makes a sale, the taxpayer is required to print or electronically send a receipt with a unique number from the user's system.
9	Comply with requirements of the Tax Office and state tax inspector	79.1. Decisions taken by the Tax Office in the exercise of its powers on collection of taxes, supervision and tax audits, notifications, requirements, sealing acts, reimbursement acts, acts confirming the accrual and payment of value added tax, reports, certificates, as well as tax refund acts , invoices, provisional invoices, notices, claims, deduction requests, distribution calculation acts, subpoenas, press notices, recommendations and other documents are subject to processing and approval by Tax Office.
10	Withhold and report taxes as required by law	28.7. The withholding taxpayer withholds tax from individuals who are obliged to pay this type of tax in accordance with tax legislation. 83.1. In case, if the taxpayer did not withhold the relevant tax or withheld, but did not pay or did not notify, he is liable for tax compensation.

8. RESPONSIBILITY OF THE TAXPAYER

Taxpayers who violate tax laws will be dealt with by the state tax inspector.

8.1 GENERAL TAX LAW

	Legislation	Content of violation	Liability imposed by the state tax inspector
1	General Tax Law: clause 82	• To avoid paying tax and reduce the amount of tax payable: • Taxes to hide taxable items • Reduced tax rates	• The tax will be reimbursed and fined in the following amounts: 82.1.1. If the amount of tax payable is reduced by up to 50 percent, 30 percent of the amount of tax to be compensated; 82.1.2. If the amount of tax payable is reduced by 50 percent or more, 40 percent of the amount of tax to be compensated; 82.2. If the violation is repeated, a fine of 50 percent of the appropriate tax amount will be imposed.
2	General Tax Law: clause 83	• If withheld, the appropriate tax was not withheld, or was withheld but not paid or reported	• The tax will be reimbursed and fined in the following amounts: 83.2. In case of reimbursement, a fine of 40 percent of the appropriate tax amount will be imposed. 83.3. If the violation is repeated, a fine of 50 percent of the appropriate tax amount will be imposed.
3	General Tax Law: clause 84	• In order to reduce the amount of Value Added Tax (VAT) payable to the budget: - Fulfilled the requirements for registration as a VAT withholding taxpayer, but sold goods, work and services (GWS) without obtaining a certificate, - VAT was not charged on the GWS sold by a person registered as a VAT withholding taxpayer; - VAT was charged	84.1. The tax shall be reimbursed and shall be fined 40 percent of the amount of the tax to be reimbursed: 84.2. If the violation is repeated, the tax will be compensated and the compensation per violation will be fined at 50% of the appropriate tax amount.

		on the goods, work and services (GWS) sold by the VAT withholding taxpayer, but not paid to the budget; - VAT was levied on goods, work and services (GWS) sold by the VAT sold by a person who was not registered as a VAT withholding taxpayer, but was not paid to the budget; - VAT invoices and payment receipts have been issued incorrectly, or invoices and payment receipts have not been issued.	
4	General Tax Law: clause 73	• If the taxpayer does not pay the tax within the time prescribed by law	73.2.1. If the tax is paid, the penalty will be imposed depending on the number of days from the due date of payment to the date of payment done. The amount of loss is determined by a member of the Government who is responsible for finance and budget issues during January of the tax year. As of 2022 year: 0.038 percent per day

8.2 LAW OF INFRINGEMENT

	Legislation	Content of violation	Liability imposed by the state tax inspector
1	Law of Infringement: item 1 of clause 11.19	• If the tax is not paid within the time specified by law	1. A fine equal to 0.1 percent of the unpaid tax will be imposed for each day overdue. - The amount of penalty does not exceed 10 percent of the amount of the tax to be paid.
2	Law of Infringement: item 2 of clause 11.19	• If the taxpayer violates the following obligations: - register as a taxpayer; - open a personal file at the Tax Office; - submit tax returns to tax authorities on time; - possessor and owners of taxable items other than income must notify the tax authorities within the time limit set by law, - keep financial reports and records in accordance with the rules; - Use of standard cash registers, printing equipment, printing ink, payment receipt paper, and POS terminal machines; - a person who fails to fulfill the obligation to send payment receipts to the database of the Integrated Tax System	A person will be fined in MNT equal to 150 units, and a legal entity will be fined in MNT equal 1500 units. (1 unit is 1000 MNT)
3	Law of Infringement: item 3 of clause 11.19	• If the taxpayer violates the following obligations: - Notify the relevant tax authorities within 7 days from the date of transferring ownership rights by sale or gift of the immovable property; - notify the tax authority within 7 days after the change occurs whenever the information of the legal entity or the personal file is changed; - in case of failure to fulfill the obligation to include the registration number issued by the Tax Office in reports, information, customs declarations, payments or other necessary documents	3. A person will be fined in MNT equal to 100 units, and a legal entity will be fined in MNT equal 1000 units.

4	Law of Infringement: item 4 of clause 11.19	• If the taxpayer violates the following obligations: - wrote a wrong address of the place of permanent or temporary residence or place of business; - failed to appear when called by the tax authorities without a valid reason; - avoided paying taxes, duties and fines without declaring where he resides; - did not submit copies of documents and bank transaction statements required for the purpose of tax inspection on time; - if he prevented the seizure of property in order to collect tax debts	4. A person who reimburses the tax will be fined in MNT equal to 400 units, and a legal entity will be fined in MNT equal 4000 units.
5	Law of Infringement: item 5 of clause 11.19	• Assets sealed or mortgaged by authorized officials of the Tax Office: - if lost; - arbitrarily transferred to others; - damaged; - sold without permission	5. A person shall be fined an amount equal to 500 units, and a legal entity shall be fined an amount equal to 5000 units to compensate for the damage caused.
6	Law of Infringement: item 6 of clause 11.19	• Taxpayer individuals and legal entities: - did not provide the required accounting, balance sheet, tax information and related documents; - did not allow access to their premises and warehouses; - did not allow that census was done; - if did not allow the operation of photographing, inspection, pledge of property or confiscation	6. A person shall be fined in the amount of 100 units, and a bank, non-banking financial institution, stock exchange, and legal entity shall be fined in the amount of five hundred units.
7	Law of Infringement: item 7 of clause 11.19	• If a taxpayer, legal entity, bank, non-banking financial institution, or stock exchange violates the following obligations: - did not comply with the act of administrative regulations for uniform compliance with tax laws throughout the country; - the taxpayer failed to return the payment slip to the tax office; - failed to fulfill its legal obligations regarding the implementation of tax legislation; - in case of violation of the legal procedure for creating, keeping records and keeping tax-related documents	7. A person shall be fined in the amount of 400 units, banks, non-banking financial institutions, stock exchanges, and legal entities shall be fined in the amount of 4000 units.

8	Law of Infringement: item 8 of clause 11.19	• If a person or legal entity who sells goods, works, or services violates the following obligation: - if receipt is not issued - if the payment receipt is issued with a difference in amount from the sales price - if it is not possible to determine the income earned during the previous reporting month, no payment receipt was issued, or if the payment receipt was issued with a difference from the sales	8. Shall be fined in the amount of 2 percent of the income earned during the previous reporting month; 8. Will be fined 20 percent of the income earned during the previous reporting month. 8. A person will be fined in the amount of 1500 units, and a legal entity will be fined in the amount of 15000 units.
9	Law of Infringement: item 9 of clause 11.19	• The information of the Integrated Tax Database was used for purposes other than those prescribed by law	9. If criminal liability is not imposed, the person will be fined in MNT equal to 1500 units, and the legal entity will be fined in MNT equal to 15000 units.
10	Law of Infringement: item 10 of clause 11.19	• If the tax on cars and self-propelled vehicles is not paid within time specified by the law	10. If paid, the appropriate tax shall be reimbursed, and a person shall be fined an amount equal to 10 percent of the tax to be reimbursed.
11	Law of Infringement: item 11 of clause 11.19	• If a price transfer report related to transactions between related parties is not submitted on time: - for country-by-country reporting - for general price transfer reports or internal price movement reports - for the annual report on transfer pricing transactions	11. refund the tax: • Shall be fined 4 percent of the total amount of transactions between related parties. • Shall be fined 3 percent of the total amount of transactions between related parties. • Shall be fined 2 percent of the total amount of transactions between related parties.
12	Law of Infringement: clause item 12 of 11.19	If the violation was committed through fault of the person who submitted the tax report or signed the report, or the person who improperly performed his duties	12. A person will be fined in MNT equal to 400 units.
13	Law of Infringement: item 13 of clause 11.19	• If the information requested by the Tax Office is not provided without valid reason, false declaration is made, the information is deleted or changed.	13. A person will be fined in MNT equal to 400 units of MNT, and a legal entity will be fined in MNT equal to 4000 MNT.

9. INSTRUCTIONS FOR REGISTERING AS A TAXPAYER (AN INDIVIDUAL) IN THE ELECTRONIC TAX SYSTEM

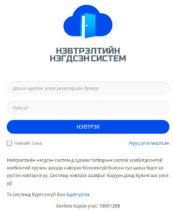
OPERATING INSTRUCTIONS

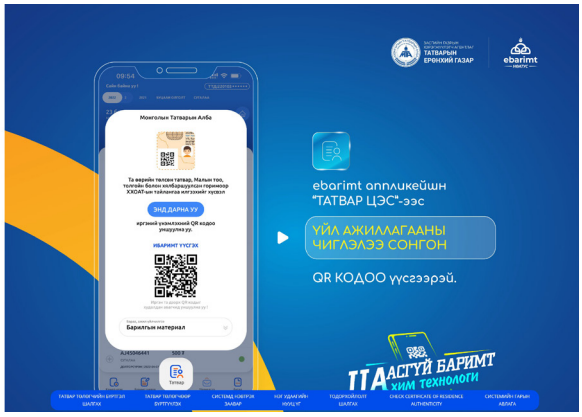
Taxpayer registration in the Electronic Tax System is a complex system for registering, processing and storing information related to the registration of persons liable to pay or withhold taxes as taxpayers, changes in taxpayer registration information or deletion from registration.

Individuals who receive income in Mongolia and from resources of Mongolia and are responsible for withholding tax or own, hold or use taxable assets are required to register as taxpayers.

Registration as a taxpayer will be done electronically.

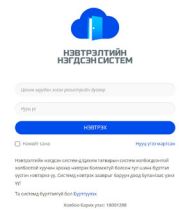
www.etax.mta.mn
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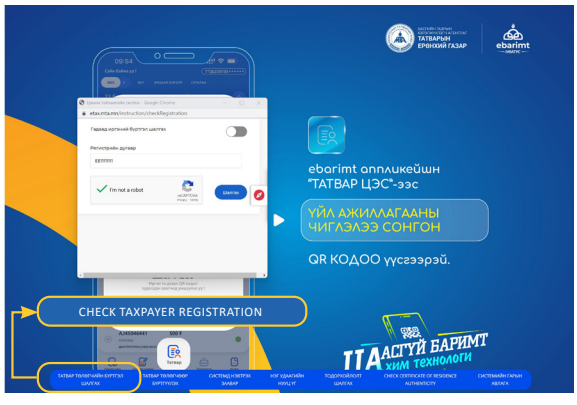




STEP-1: Individuals can check their taxpayer registration by logging into the Integrated log-in System via the link **www.etax.mta.mn.**

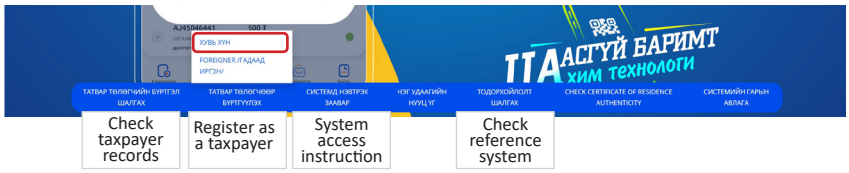
1. Click the button at the bottom of Unified Access System window, enter the registration number in the field that appears, and click the **CHECK TAXPAYER REGISTRATION** button. When filling in the registration number of a citizen, write the first 2 letters in capital Cyrillic.



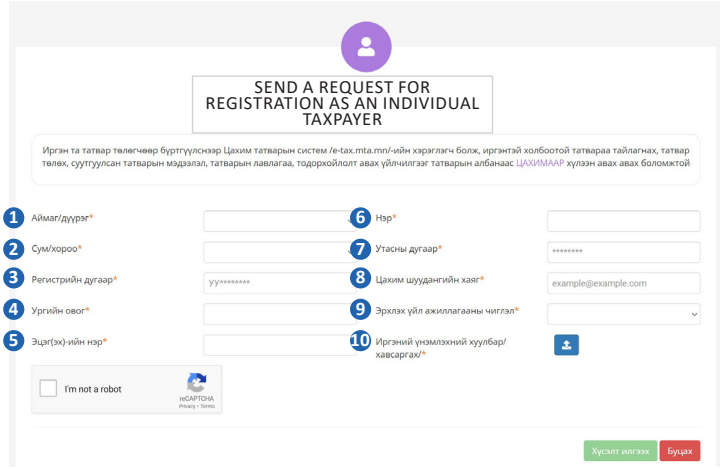


2. If you are registered as a taxpayer, the window will show information that **You are registered as a taxpayer.**
3. If you are not registered as a taxpayer, the window will show information that **You are not registered as a taxpayer.** Click **here** to register.

STEP-2: To create an individual taxpayer record, click on the **TAX PAYER REGISTRATION** window and select **INDIVIDUAL**.

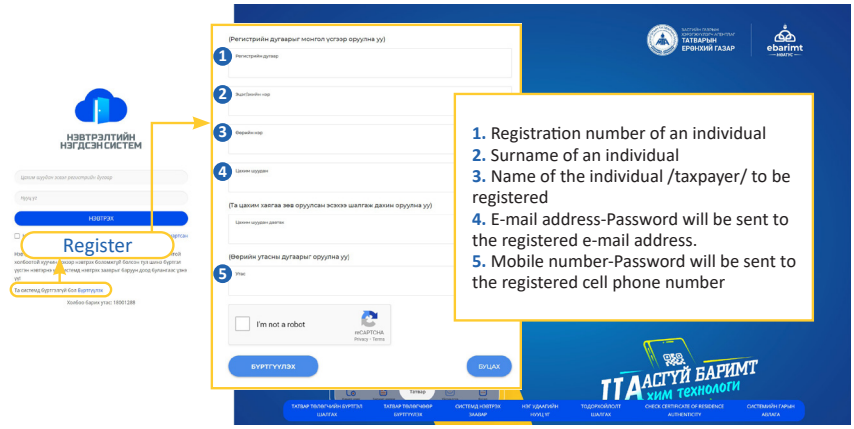


STEP-3: By selecting **INDIVIDUAL**, the SEND REQUEST FOR INDIVIDUAL TAX PAYER REGISTRATION window will open. An individual will be registered as a taxpayer by filling out the request below and clicking the **SEND REQUEST** button. A message will be sent to the registered mobile phone and e-mail address about registration as a taxpayer. The username and password for accessing the Tax Electronic System will be sent via SMS.



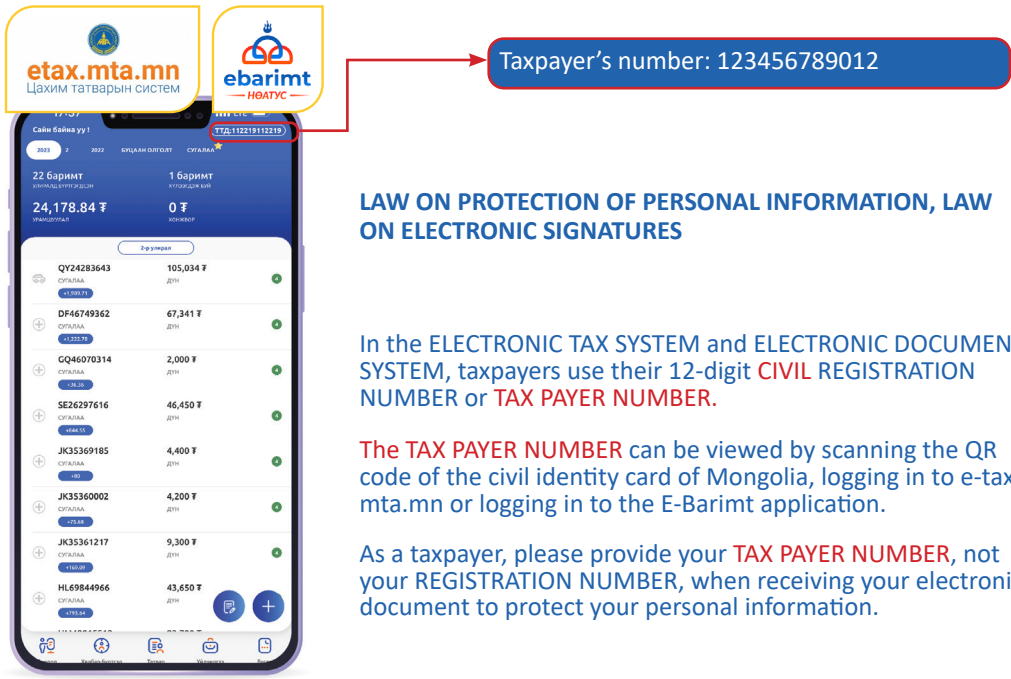
1. Residential address registered in the state registration and civil identity card
2. Residential address of the individual
3. Registration number of the individual
4. Clan name of the individual
5. Parent name of the individual
6. Name of the individual/taxpayer to be registered
7. A password will be sent to this registered number.
8. A password will be sent to the registered email address
9. Directions of activity of the taxpayer
10. Copy of ID card (must have pdf extension)

STEP-4: Depending on the period of registration as a taxpayer, it may not be double registered in the INTEGRATED ENTRY SYSTEM. In this case, log in to the INTEGRATED LOGIN SYSTEM at /etax.mta.mn/ and press the **Register**
Button to go to the **User Registration** window. By filling in this field, you will be registered in the INTEGRATED LOGIN SYSTEM and will receive your login name and password via e-mail or mobile phone.



STEP 5: As a citizen of Mongolia, enter the password provided by the tax authority to E-TAX SYSTEM and E-DOCUMENT SYSTEM using your citizen registration number (12-digit taxpayer number) as a login name. Here





LAW ON PROTECTION OF PERSONAL INFORMATION, LAW ON ELECTRONIC SIGNATURES

In the ELECTRONIC TAX SYSTEM and ELECTRONIC DOCUMENT SYSTEM, taxpayers use their 12-digit CIVIL REGISTRATION NUMBER or TAX PAYER NUMBER.

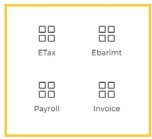
The TAX PAYER NUMBER can be viewed by scanning the QR code of the civil identity card of Mongolia, logging in to e-tax.mta.mn or logging in to the E-Barimt application.

As a taxpayer, please provide your TAX PAYER NUMBER, not your REGISTRATION NUMBER, when receiving your electronic document to protect your personal information.

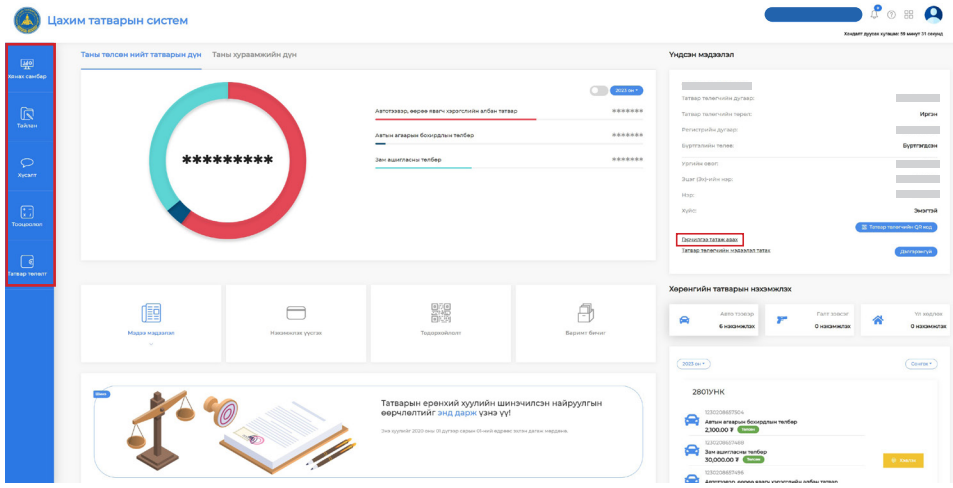
STEP 6: After logging into the ELECTRONIC TAX SYSTEM, the registered information of the individual will be displayed.
By selecting a user and fully logging in, you can receive all tax-related services electronically, such as sending all types of tax reports electronically, submitting requests to the tax authorities, amending reports, viewing report history, tax monitoring, dividends, invoice and tax payments, receipt of statements and creation of electronic payment receipts.



STEP 7: When entering the e-tax system through the E-Barimt system, enter the option located in the UPPER RIGHT corner of the SCREEN.



STEP 8: You can check and correct your information for obtaining a tax payer's certificate and services from the e-tax system.



STEP 9: Thank you that you are served by the Tax Office.