

Amendments to tax rates of Mongolia: 2017



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Amendments to some tax rates of Mongolia*

On 13 April 2017, the Parliament of Mongolia has approved modifications to the State Budget Law. Following and in connection with these modifications, certain tax rates as well as social insurance law have been amended, too*:

- Personal income tax: salary income will now be taxed at higher rates. Also, tax on bank deposit interest revenue will come into force earlier than originally legislated.
- Excise tax on tobacco products and alcoholic beverages: will be increased by 10% in 2018, then 5% in 2019 and another 5% in 2020.
- Excise tax on imported vehicles: will be increased by from 3% to 15%, depending on the age of the vehicle. The tax credit percentage of the hybrid, natural gas vehicle and electric cars will be decreased by 50%.
- Certain contributions to the Social Insurance Fund will be increased in stages.



Amendments to the Personal income tax law

- Those who remit payments to non-resident taxpayers will be required to withhold 20% as income tax and pay such amount to the tax authorities (from 1 January 2018),
- Interest income of banks savings shall be taxed at 10 percent (from 1 May 2017 instead of 1 Jan 2018 as originally envisioned),
- The tax credit in amount of MNT 84,000 will be increased to MNT 120,000 in 2018, MNT 160,000 in 2019, MNT 200,000 in 2020, and MNT 240,000 in 2021(from 1 January 2018),
- Total annual salary or equivalent income shall be taxed at the following rates (from 1 January 2018):

No	Total annual taxable income /in MNT/	Tax rate
1	Up to 18 000 000	10 percent
2	From 18 000 000 to 30 000 000	1 800 000 MNT plus 15% of the annual income exceeding MNT 18 000 000
3	From 30 000 000 to 42 000 000	3 600 000 MNT plus 20% of the annual income exceeding MNT 30 000 000
4	42 000 000 and over	6 000 000 MNT plus 25% of the annual income exceeding MNT 42 000 000

Amendments to the Excise tax law

- Excise tax shall be imposed on physical units of all types of alcohol, tobacco and domestically produced gasoline and diesel fuel at the following rates (from 1 January 2018):

No	Title and type of goods subject to excise tax		Physical unit	Excise tax rate /in MNT/		
				2018	2019	2020 and beyond
1	Spirits for food	Sold to distillery producers	1 liter	1 595	1 670	1 740
		Sold to distillery, pharmaceuticals producers and health and veterinarianian purpose	1 liter	1 450	1 450	1 450
		Sold to others	1 liter	15 950	16 700	17 400
2	All types of Vodka, liqueur and other alcohol beverages	Up to 25 percent	1 liter	3 190	3 335	3 480
		From 25 to 40 percent	1 liter	6 380	6 670	6 960
		40 percent and more	1 liter	14 355	15 000	15 660
	All kind of cognac, whisky, rum and gin	Up to 25 percent	1 liter	7 975	8 340	8 700
		From 25 to 40 percent	1 liter	15 950	16 700	17 400
		40 percent and more	1 liter	19 140	20 010	20 880
3	Mongolian milk alcohol distilled using a production method		1 liter	320	335	350

Amendments to the Excise tax law (cont.)

- Excise tax shall be imposed on physical units of all types of alcohol, all types of cigar and those of domestically produced gasoline and diesel fuel at the following rates (from 1 January 2018):

No	Title and type of goods subject to excise tax		Physical unit	Excise tax rate /in MNT/		
				2018	2019	2020 and beyond
4	All types of beer		1 liter	320	335	350
5	All types of wine	Up to 35 percent	1 liter	800	835	870
		35 percent or more	1 liter	7 180	7 505	7 830
6	Cigarettes and other similar tobacco		100 pieces	3 830	4 000	4 180
7	Pipe tobacco and other similar bulk tobacco		1 kg	2 870	3 000	3 130
8	Gasoline	Up to 90 octane	1 ton	0-15 950	0-15 950	0-15 950
		90 octane or more	1 ton	0-17 400	0-17 400	0-17 400
9	Diesel fuel		1 ton	0-21 750	0-21 750	0-21 750

Amendments to the Excise tax law (cont.)

- Excise tax shall be imposed on imported automobiles at the following rates based on the age and volume of engine cylinders (from 1 May 2017):

Д/д	Volume of engine cylinder (cm ³)	Excise tax rate (in MNT)			
		Age of the vehicle (in years)			
		0-3 years	4-6 years	7-9 years	10 years and over
1	1500 and below	750 000	1 600 000	3 350 000	10 000 000
2	1501-2500	2 300 000	3 200 000	5 000 000	11 700 000
3	2501-3500	3 050 000	4 000 000	6 700 000	13 350 000
4	3501-4500	6 850 750	8 000 000	10 850 000	17 500 000
5	4501 and over	14 210 000	27 200 000	39 150 000	65 975 000

Amendments to Social Insurance Law

- The employer and the employee shall both pay monthly social insurance contribution in the following amounts (from 1 January 2018):

Insurance Type	2018		2019		2020	
	The employer's contribution (%)	The employee's contribution (%)	The employer's contribution (%)	The employee's contribution (%)	The employer's contribution (%)	The employee's contribution (%)
Pension insurance	8.0	8.0	8.5	8.5	9.5	9.5
Benefit insurance	1.0	0.8	1.0	0.8	1.0	0.8
Health insurance	2.0	2.0	2.0	2.0	2.0	2.0
Unemployment insurance	0.2	0.2	0.2	0.2	0.2	0.2
Total contribution	11.2	11	11.7	11.5	12.7	12.5

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