

**CUSTOMS LAW OF MONGOLIA
(Revised)**

**PART ONE
GENERAL PROVISIONS**

**CHAPTER ONE
BASIC PRINCIPLES**

Article 1. Purpose of the Law

1.1. The purpose of this Law is to regulate matters regarding regulations on Customs clearance and control over goods and means of transport crossing the national Customs frontier of Mongolia, as well as defining Customs procedures and their requirements, regulations on settlement of complaints and appeal of the Customs decisions, Customs organizational structure, rights and obligations of the Customs officers and liabilities against Customs offences.

Article 2. Customs Legislation

2.1. Customs legislation of Mongolia shall consist of the Constitution of Mongolia¹, General Law on Taxation², this Law, Law on Customs Tariff and Duties³ and other related laws and regulations adopted in accordance the above-mentioned.

2.2. If the provisions of any International Treaties of Mongolia differ from those specified in this Law, the former shall prevail.

Article 3. Definitions of Legislation terms

3.1. The terms used in this Law shall mean as follows :

3.1.1. "Goods" shall mean all kind of movable properties such as cargo, luggage, personal belongings, currencies, securities, international postal items, all kind of power, live-stock, animals, plants and means of transport other than those specified in 3.1.5 of this Law, crossing the Customs frontier;

¹ The Constitution of Mongolia, published in State Bulletin in 1992(1)

² The General Law on Taxation, published in State Bulletin in 2008 (22)

³ The Law on Customs Tariff and Duties, published in State Bulletin in 2008 (23)

3.1.2. "Mongolian goods" shall mean goods produced in Mongolia other than the goods processed under the procedures specified in 99.1 of this Law and foreign goods released for free circulation in the territory of Mongolia;

3.1.3. "Foreign goods" shall mean goods other than those referred to in 3.1.2. of this Law; x

3.1.4. "Goods for free circulation" shall mean goods administered for use in the Customs territory of Mongolia with no restrictions imposed by the Customs legislation;

3.1.5 "Means of transport" shall mean all modes of transport, including containers and carts, fuel and lubricants, spare parts thereof, carrying goods and passengers between countries and crossing the Customs frontier for a period not more than 6 months;

3.1.6. "Carrier" shall mean a person who is intending to transport goods across the Customs frontier or engaged in transportation in the Customs territory under Customs control;

3.1.17. "Customs declaration" shall mean a document containing information required by the Customs in conformity with the Customs procedure selected by the declarant;

3.1.8. "Declarant" shall mean a person who declares goods or means of transport crossing the Customs frontier to the Customs;

3.1.9. "Crossing the Customs frontier" shall mean importation into, transit on, or exportation, from the Customs territory, of goods and means of transport;

3.1.10. "Customs route" shall mean a route especially approved by the relevant authority for the transportation of goods and means of transport under Customs control between the national frontier of Mongolia and the frontier Customs office as well as from one Customs office to another;

3.1.11. "Customs control" shall mean measures taken by the Customs to ensure enforcement of, and compliance with, the Customs legislation in the territory of Mongolia;

3.1.12. "Customs clearance" shall mean Customs complex formalities starting with the lodgement of Customs declaration on goods and means of

transport crossing the Customs frontier at the Customs and ending with Customs permission to release them after required examination and payment of Customs duties and other taxes;

3.1.13. "Customs procedure" shall mean norms, conditions and requirements set for Customs purposes determining the status of goods and means of transport crossing the Customs frontier;

3.1.14. "Non-tariff restrictions" shall mean measures imposing prohibition on goods from the crossing the national frontier of Mongolia or crossing the national frontier of Mongolia upon the permission of the relevant authorities or imposing quantity restriction on goods and others;

3.1.15. "Frontier Customs office" shall mean a Customs office operating at the national frontier crossing point and at the International airport;

3.1.16. "Inland Customs office" shall mean a Customs office other than that specified in 3.1.15 of this Law;

3.1.17. "Customs bonded zone" shall mean a Customs bonded warehouse, Customs bonded manufacturing area and Customs bonded exhibition and construction site;

3.1.18. "Customs examination area" shall mean premises, warehouses, areas and zones specially designated for loading, unloading, transshipment, storage of goods under Customs control or exercising of Customs control; and

3.1.19. "Customs stakeholder" shall mean the Customs or declarant, Customs broker, carrier, authorized owners of Customs temporary warehouse or bonded zones or other entities such as banks and insurance companies.

Article 4. Customs territory and Customs frontier

4.1. The territory of Mongolia shall be considered as a Customs territory.

4.2. The territory of Customs bonded zone established in the territory of Mongolia shall be regarded as situated outside the Customs territory in terms of tariff and non-tariff restrictions.

4.3. The national frontier of Mongolia shall be considered as Customs frontier.

4.4. The boundary line separating the Customs territory and the territories of Customs bonded zones established in the territory of Mongolia shall be considered as Customs frontier.

Article 5. Use of documents or information on goods and means of transport for Customs control

5.1. Information or documents on goods and means of transport required for crossing the Customs frontier in accordance with Customs legislation shall be submitted by the person concerned.

5.2. The Customs and officers received the information or documents specified in 5.1 of this Law shall use them solely for the Customs purposes and not to disclose, use for personal purposes, or pass to a third party, except in those cases as specified in this Law.

5.3. The issues concerning use or storage of confidential information regarding individuals and entities or state obtained by the Customs or officers shall be governed by the Law on Confidential Information.

CHAPTER TWO

PRINCIPLE APPLICABLE TO GOODS AND MEANS OF TRANSPORT CROSSING THE CUSTOMS FRONTIER

Article 6. Principle applicable to goods and means of transport crossing the Customs frontier

6.1. Any person has a right to carry goods or means of transport across the Customs frontier freely in accordance with the conditions and rules specified in this Law and International Treaties of Mongolia /hereinafter referred to as the International Treaties/.

6.2. Goods and means of transport shall not be used, possessed or disposed from the entry until the release to the declarant or from the declared time until the exit from Mongolia, except in those cases specified in this Law.

Article 7. Goods and means of transport crossing Customs frontier

7.1. Goods and means of transport shall cross the frontier where there is a Customs office.

7.2. Goods or means of transport shall enter or leave through frontier crossing points except those specified in 7.1 of this Law upon the permission of the Customs Headquarters.

7.3. The permission specified in 7.2 of this Law shall be given under the following circumstances:

7.3.1. emergency caused by disaster or force majeure;

7.3.2. provided for in the International Treaties of Mongolia;

7.3.3. aid from other countries for the national defense purpose;

7.3.4. other cases as specified in legislation.

7.4. The Customs Headquarters shall appoint a Customs officer when goods or means of transport cross the frontier in line with 7.3 of this Law.

7.5. A declarant shall submit a request to the Customs Headquarters when the goods or means of transport cross the frontier as specified in 7.2 of this Law. Permission given by the competent authorities and a list of goods or means of transport shall be attached to the request.

Article 8. Prohibition or Restriction imposed on Goods from Crossing the Customs Frontier

8.1. The State Great Hural and the Government of Mongolia are entitled to impose prohibition and non-tariff restriction on goods crossing the national frontier of Mongolia respectively except those otherwise specified in this Law, indicating the classification codes of the goods in accordance with Harmonized Commodity Description and Coding System.

8.2. Goods prohibited to be admitted to the national territory of Mongolia shall not be allowed to enter the Customs territory.

8.3. If the goods specified in 8.2 of this Law enters the territory of Mongolia, they shall be promptly sent back. In case of impossibility of such withdrawal, the goods shall be placed in Customs control area or temporary warehouse for up to 3 days. If the individual or legal body fail to withdraw the goods, the Customs shall take measures in line with the rules on destruction of goods.

8.4. Restricted goods except those which are subject to prohibition shall be carried across the Customs frontier if they meet conditions and requirements specified in the legislation and international treaties.

8.5. Goods prohibited to be exported by the legislation shall not be allowed to leave the Customs territory.

8.6. Prohibited goods shall not be allowed for transit unless specified otherwise in the International treaties.

8.7. The Customs Headquarters shall notify the public on goods subject to prohibition or restriction from crossing the Customs frontier and location of frontier crossing point or the Customs and its timetable.

8.8. The individual and legal body shall be responsible for the expenses incurred in relation with the activities specified in 8.3 of this Law.

8.9. Smuggling or attempted smuggling of prohibited goods shall not be related to 8.3 of this Law.

Article 9. Customs clearance and control

9.1. Goods and means of transport, which cross the Customs frontier shall be subject to Customs control and Customs clearance and the Customs and its officer shall have no right to impose requirements other than those specified in this Law.

CHAPTER 3 INFORMATION AND GUIDELINES ON CUSTOMS LEGISLATION

Article 10. Obtaining information on written and verbal decisions and inactions by the Customs and its officer

10.1. Any individual or legal body has the right to obtain information or reasons and grounds of the written and verbal decisions and inactions made by the Customs and officers /hereinafter referred to as “decisions”/ violating human rights or legal interests of the former.

10.2. The Customs and officers specified in 10.1 of this Law shall provide the individual or legal body with requested information promptly or within 3 working days, in writing or verbally.

Article 11. Informing the public on Customs legislation

11.1. The Customs Headquarters is obliged to provide the parties involved in foreign trade and public with the information on the Customs legislation and other related legal acts, in an open manner free of charge.

11.2. The original copies of the Customs legislation and Cabinet decisions shall be published in the bulletin of “Public Notice” and other orders and decisions shall be published in the bulletin specified in 14.1 of the Law on legal status of the government agencies respectively.

11.3. Provisions of 11.1 of this Law shall be considered as the same as amendments or changes to the Customs legislation and related legal acts.

Article 12. Providing consultancy

12.1. The Customs shall provide any person or legal body with consultancy on the issues related to the Customs legislation and regulation on consultancy shall be approved by the Customs Headquarters.

12.2. The Customs shall not be responsible for the losses incurred as a consequence of providing consultancy not covered by such regulation specified in 12.1 of this Law or caused by lack of knowledge on amendments to the Customs legislation and other related legal acts or omissions in publications.

CHAPTER 4 CUSTOMS STATISTICS

Article 13. Customs statistical data

13.1. The Customs shall compile Customs statistics for foreign trade trend analysis, revenue collection and control over flow of goods crossing the Customs frontier.

13.2. Data specified in 13.1 of the Law shall be compiled in line with the classification code and description according to the Harmonized Commodity Description and Coding System.

13.3. The Customs Headquarters shall create Customs Database based on the Customs declaration to compile Customs statistics specified in 13.1 of this Law.

Article 14. Types of Customs Statistics, data compilation methodology

14.1. The Customs shall compile the following types of statistics:

14.1.1. foreign trade statistics by goods; and

14.1.2. administrative statistical data.

14.2. Foreign trade statistics by goods specified in 14.1.1 of this Law shall be compiled in accordance with the national methodology based on the methodology developed by the International Statistics and other organizations.

14.3. Methodology specified in 14.2 of this Law shall be jointly approved by the Customs Headquarters and National Statistics Authority.

14.4. Methodology and indicators for compiling administrative statistical data specified in 14.1.2 of this Law shall be approved by the Director General of Customs Headquarters in accordance with Chapter 19.4 of this Law on Statistics.

Article 15. Use of Customs Statistics

15.1. Foreign trade statistics by goods shall be used by the state organizations free of charge.

15.2. Foreign Trade Customs Statistics shall be provided by the Customs upon the request of individuals and legal bodies upon payment.

15.3. The amount of payment specified in 15.2 of this Law not exceeding the expenses incurred in data compiling shall be defined by the Customs Headquarters.

CHAPTER FIVE

COMPLAINTS AGAINST DECISIONS OF THE CUSTOMS AND OFFICERS

Article 16. Right to Complain

16.1. A declarant shall be entitled to make complaints against decisions made by the Customs or officer when he/she considers their human rights, freedom and legal interests have been infringed.

Article 17. Rules on Making Complaints and Timeframe

17.1. A declarant shall make a complaint as follows:

17.1.1. A complaint on the decision of a Customs officer shall be submitted to a director or head of the Customs concerned.

17.1.2. A complaint against a decision of the director or chief of the Customs shall be submitted to the relevant superior Customs and officer;

17.1.3. A complaint against a decision of the superior Customs and officer shall be submitted to the court;

17.2. A complaint against a decision of the Customs or officer may be filed within 30 days from the date when a declarant it receives or becomes aware of the decision concerned.

17.3 The timeframe specified in 17.2 of the Law is proven exceeded because of well-grounded excuse, upon the request of the complainant the timeframe may be extended by the Customs or officials in line with 6.3 of this Law on Administrative Case Proceedings⁴.

Article 18. Form of a Complaint

18.1. A complaint against a decision of the Customs or officer shall be submitted in writing.

18.2. A complaint specified in 18.1 of this Law shall meet requirements determined by the Article 10 of the Law on Settlement of Complaints concerning the state organizations or civil servants⁵.

18.3. The Customs or officer which are obliged to settle the complaints made in line with 17.1.1 and 17.1.2 may ask the complainant to submit all required documents if necessary.

Article 19. Consequences of Complaint

19.1. A lodged complaint against a decision of the Customs or officer shall not be a reason to discard that decision by the complainant.

19.2. When the Customs or officer addressing the complaint have sufficient ground to presume that the appealed decision is contrary to legislation of Mongolia or execution of the concerned decision may cause substantial losses, they are entitled to suspend the execution of the decision appealed completely or partially.

Article 20. Reasons to reject a complaint against a decision

20.1. The Customs or Officer specified in 17.1.1 and 17.1.2 of this Law shall reject a complaint if:

⁴ The Law on Administrative Case Proceedings, published in 'State Bulletin' in 2002 (3)

⁵ *Law on Settlement of Complaints concerning the state organizations or civil servants, published in 'State Bulletin' in 1995 (7)*

20.1.1. timeframe for filing a complaint has been expired and the complainant has not requested to extend the time;

20.1.2. requirements specified in 18.1 and 18.2 of this Law have not been met;

20.1.3 a court decision on the issues raised by the complaint has been effective;

20.1.4. issues raised by the complainant are beyond the competence of the Customs;

20.2. A decision on rejecting a complaint shall be made and notified to the complainant in writing within 3 working days following the submission of the complaint, in case of rejection as specified in 20.1 of this Law.

20.3. A complainant may appeal to a court if he/she doesn't accept a decision specified in 20.2 of this Law.

Article 21. Withdrawal of Complaint and its Consequence

21.1. A complainant may withdraw and take back a complaint at any time.

21.2. Withdrawal of complaint in accordance with 21.1 of this Law shall not be a reason for rejecting a review of the concerned complaint or imposing penalties on the Customs or officer which are found guilty.

Article 22. Timeframe for complaint settlement

22.1. A complaint submitted by a complainant in accordance with the Article 16 of this Law shall be settled by the Customs within a period specified in this Law on settlement of complaints made by citizens concerning the state organizations or civil servants.

Article 23. Settlement of a complaint

23.1. A decision on settlement of a complaint by the Customs or officer as specified in 17.1 of this Law shall be made in writing in accordance with the form approved by the Customs Headquarters.

23.2. The decision specified in 23.1 of this Law shall contain the following details:

23.2.1. name of the Customs settling the complaint;

23.2.2. surname, name and position of the Customs officer settling the complaint;

23.2.3 surname and name of a complainant;

23.2.4. complaint summary;

23.2.5. complaint settlement detail;

23.2.6. grounds for decision making;

23.2.7. information on a regulation to make complaint against a decision.

23.3. The Customs or officer shall make the following decision after review of the complaint:

23.3.1. to accept the decision made by the Customs or officer and reject the complaint;

23.3.2. change or invalidate the decision made by the Customs or officer completely or partially;

23.3.3. in case if verbal decision or inaction of the Customs or officer is found to be unlawful, assign them to make an appropriate decision.

23.4. Timeframe for a decision execution in line with 23.3.2 and 23.3.3 of this Law shall be determined and the Customs or officer shall be obliged to follow that timeframe.

PART TWO CUSTOMS CLEARANCE

CHAPTER SIX CUSTOMS CLEARANCE

SECTION ONE

GENERAL PROVISIONS Article 24. Customs clearance

24.1. Goods or means of transport crossing the Customs frontier shall be cleared in accordance with the provisions of this Law.

24.2. The goods shall be cleared regardless of the country of origin, country of departure or country of destination.

24.3. Taking into account the type of goods and means of transport crossing the Customs frontier, the Customs Headquarters shall adopt a regulation on Customs clearance in compliance with the Law.

Article 25. Time and Place for Customs Clearance

25.1. The goods shall be cleared at the place where Customs is located during hours approved by the Customs Headquarters.

Article 26. Customs clearance fee

26.1. A service fee for Customs clearance approved by the Customs Headquarters shall be paid by a declarant.

26.2. The amount of the service fee for Customs clearance consistent with the cost incurred in delivery of service specified in 26.1 of this Law shall be approved by the Customs Headquarters.

26.3. The fee specified in 26.1 of this Law shall be collected to the state revenue.

Article 27. Documents and Information Required for the Customs Clearance

27.1. A declarant shall be obliged to lodge to the Customs the documents and data, which are required for Customs clearance in accordance with the Customs legislation.

27.2. The timeframe for the lodgement of the documents and information specified in 27.1 of this Law shall be approved by the Customs Headquarters.

27.3. In order to simplify and speed up the Customs clearance the Customs Headquarters may conclude agreements with the foreign Customs administrations on mutual recognition of data and documents.

27.4. The documents specified in 27.1 of this Law may be presented in a foreign language. If necessary a declarant shall be required by the Customs to provide the official translation.

27.5. The original documents or their copies specified in 27.1 of this Law shall be required by the Customs and if necessary the documents shall be matched against the originals.

27.6. The data or documents specified in 27.1 of this Law may be received by fax, electronic mail, data network of other organizations linked with the Customs /hereinafter referred to as data network/.

27.7. A copy of the electronic data or documents shall be printed out and certified by a signature of the competent person.

27.8. The electronic documents shall be considered as original documents.

Article 28. Presence of a Declarant or his/her Representative at Clearance

28.1. The declarant or his/her representative shall be present at clearance.

28.2. The Customs or officer may be assisted by a declarant or his/her representative in order to simplify the Customs clearance.

Article 29. Customs expedite clearance

29.1. The Customs expedite clearance shall be applied for goods as follows:

29.1.1. relief goods to recover losses and damages caused by disaster or force majeure

29.1.2. radio-active substances, toxic and dangerous chemicals, explosives;

29.1.3. live-stock and animals;

29.1.4. international postal items;

29.1.5. newspapers, periodic editions, materials for media, scientific and research materials;

29.1.6. perishable goods requiring special storage conditions;

29.1.7. donor organs or blood, blood products;

29.1.8. other goods specified in this Law.

29.2. The goods specified in 29.1 of this Law shall be cleared upon agreed conditions to submit all needed Customs documents within a period specified by the Customs.

29.3. A guarantee on submission of clearance documents within a period specified by the Customs shall be made in writing by the declarant.

29.4. The Customs expedite clearance shall not be provided in the following cases:

29.4.1. discrepancy occurs in Customs documents;

29.4.2. differences in quantity and discrepancy in value of goods declared to the Customs;

29.4.3. an offence record against Customs legislation on the declarant;

29.4.4. a guarantee specified in 30.3 of this Law has been not submitted;

29.4.5. Customs duties and other taxes have been not paid or a guarantee on payment has been not issued in accordance with the relevant Law.

Article 30. Simplified Clearance

30.1. Goods shall cross the Customs frontier under the simplified Customs clearance without lodgement of all the documents specified in this Law and with the request to fill-in some parts of the Customs declaration.

30.2. Simplified Customs Clearance shall be applied in the following cases:

30.2.1. For goods entering directly Customs bonded zones from abroad not being in transit through the Customs territory;

30.2.2. For goods sent abroad from the Customs bonded zones not being in transit through the Customs territory.

SUB-CHAPTER TWO

ENTRY OF GOODS AND MEANS OF TRANSPORT INTO THE CUSTOMS TERRITORY

Article 31. Entry of goods and means of transport into the Customs territory

31.1. Goods and means of transport shall enter the Customs territory through the frontier established in accordance with the International Treaties.

31.2. A frontier point for entry of the certain type of goods into the Customs territory shall be established in accordance with this Law and other related laws or the resolution by the Cabinet.

Article 32. Measures Taken in case of Emergency or Force Majeure

32.1. In case if transportation of goods and means of transport has been interrupted on the route to a destination due to an emergency or force majeure shall be notified the nearest Customs office and to take measures to deliver to that place. In such circumstances the goods shall not be utilized or transferred to others without permission of the Customs.

32.2. In case of situation as specified in 32.1. of this Law the goods and means of transport shall be prohibited to be used or transferred to other without customs permission.

32.3. The declarant shall be liable for the expenses incurred in taking measures specified in 32.1 of this Law.

Article 33. Pre-arrival Notification of Goods or Means of Transport to the Customs

33.1 A carrier shall notify to the Customs about the entry port for goods and means of transport and its final destination in advance.

33.2. The carrier shall inform the Customs as goods or means of transport arrive at the Customs frontier.

33.3. Means of transport having scheduled regular service for passengers shall be informed to the Customs one hour prior to their crossing the Customs frontier.

Article 34. Submission of Documents and Information

34.1. Upon arrival of goods and means of transport at the Customs frontier the carrier shall submit to the Customs the information and the documents specified in the Article 35 of this Law indicating the mode of transport.

34.2. In case the information and documents specified in Article 35 of this Law do not meet requirements, the carrier or declarant shall provide additional information.

35.3. The carrier may submit to the Customs the information and documents specified in 34.1 and 34.2 of this Law via electronic data network.

Article 35. Documents and Information to be Submitted to the Customs concerning International Road Transport

35.1. The carrier shall submit to the Customs the following documents:

35.1.1. certificate of vehicle;

35.1.2. transport bills;

35.1.3. trade documents.

35.2. The following information shall be in the documents specified in 35.1 of this Law :

35.2.1. the carrier's name and address;

35.2.2. the national identity of vehicle;

35.2.3. the country of departure and country of destination;

35.2.4. the name and address of the goods consignor and consignee;

35.2.5. the name and address of the goods seller and buyer;

35.2.6. description and classification of goods, the number and size or volume, package types and marking;

35.2.7. non-tariff restriction applies or not to goods.

35.3. The carrier shall submit to the Customs the following documents:

35.3.1. aircraft certificate;

35.3.2. general declaration;

35.3.3. list of passengers' names;

35.3.4. cargo manifest;

35.3.5. airway bill;

35.3.6. list of foodstuff and other items to be consumed by passengers in the flight;

35.3.1. trade documents.

35.4. The following information shall be in the documents:

35.4.1. the aircraft national identity and its owner;

35.4.2. the flight number and routing;

35.4.3. information regarding crew-members;

35.4.4. description and classification of goods, the number and size or volume, package types and marking;

35.4.5. non-tariff restriction applied to goods or not.

35.5. The railway carrier shall be obliged to submit to the Customs the following documents:

35.5.1. pass-over documents

35.5.2. railway car documents;

35.5.3. railwaybill;

35.5.4. trade documents.

35.6. The following information shall be contained in the documents specified in 35.5 of this Law:

35.6.1. consignor and consignee of the goods;

35.6.2. the railway station of departure, transit and destination;

35.6.3. description and classification of goods, the number and size or volume, package types and marking;

35.6.4. non-tariff restriction applies or not to goods.

Article 36. Cargo Manifest

36.1. Cargo manifest shall be issued on the basis of the documents specified in the Article 35 of this Law.

36.2. Regulations how to fill out the cargo manifest, control on and register shall be approved by the Customs Headquarters.

Article 37. Unloading and transshipment of the goods

37.1. A decision on unloading or transshipment of the goods concerned in Customs control area shall be taken by the Customs upon the lodgement of the information and documents regarding the consignment to the Customs by the carrier.

37.2. The unloading or trans-shipment of goods shall be performed in Customs control area during Customs working hours as specified in 25.1 of this Law.

37.3. Where necessary the permission on the unloading or transshipment in the places other than specified in 37.1 and 37.2 of this Law shall be provided by the Customs.

SUB-CHAPTER THREE

CARRIER

Article 38. Obligations of Carrier

38.1. The carrier shall transport the goods in accordance with this Law.

38.2. The carrier shall be obliged to:

38.2.1. meet the conditions and requirements specified in this Law for the transportation of goods under Customs control;

38.2.2. not to load, unload, transship or transfer the goods with no Customs permission;

38.2.3. not to carry separately the goods having one transport document or goods declaration of a single consignment while they are under Customs control;

38.2.4. not to use the means of transport as a concealment place for smuggling goods or not to provide any opportunity for doing so;

38.2.5. provide the Customs with all information regarding means of transport and, afford expert assistance to a Customs Officer;

38.2.6. keep the goods intact not to cause any changes, ensure safety of the identification marks placed for Customs purposes;

38.2.7. provide the Customs with the required information on goods intending to cross the national frontier prior to crossing the Customs frontier;

38.2.8. if the goods are examined on board of the means of transport while in motion, provide Customs officers with the proper working conditions and let them ride that transport free of charge;

38.2.9. let the means of transport return within scheduled time;

38.2.10. other obligations specified in this Laws.

38.3. International air or railway carriers specified in 35.3. and 35.5. of this Law shall be linked with the Customs data networking system.

SUB-CHAPTER FOUR

TEMPORARY WAREHOUSE OF GOODS

Article 39. Temporary warehouse of goods

39.1. Goods shall be stored in the temporary warehouse from the time as they come under Customs control until placement of goods under Customs Clearance Procedure with no tariff or non-tariff restrictions applied.

39.2. A declarant may obtain information from the Customs regarding to the goods during the period specified in 44.1 and 44.2 of this Law.

Article 40. Temporary warehouse

40.1. Temporary warehouses may be closed premises or open area.

40.2. Temporary warehouses shall be considered as a Customs control area.

Article 41. Types of Temporary warehouses

41.1. Temporary warehouses shall have the following types:

41.1.1. open for public;

41.1.2. open solely for one or several entities or closed.

41.2. goods requiring special store conditions shall be placed into the specially equipped stores.

Article 42. Goods to be kept in the temporary warehouse

42.1. The goods shall be placed into the temporary warehouse upon the decision of the Customs.

42.2. Goods placed in Customs control area shall be transferred to the temporary warehouse 3 days later if the Customs procedure was not selected.

42.3. Goods seized or detained in accordance with the relevant legislation may be stored in the temporary warehouse.

Article 43. Documents required for keeping goods in the temporary warehouse

43.1. The goods shall be placed in the temporary warehouse on the basis of cargo manifest and other related documents

43.2. The documents specified in 43.1 of this Law may be submitted through the data network.

Article 44. Storage duration

44.1. Goods shall be stored in the temporary warehouses for a period of up to 2 months. The Customs may, only once, extend this period by up to 1 month.

44.2. Perishable or hazardous goods shall be stored for a period of up to a week. The Customs may, only once, extend this period by up to a week.

44.3. Timing of the storage in the temporary warehouse begins from the date of placement of goods or from the date when such goods have been subjected to temporary warehouse.

44.4. Duration specified in 44.1 and 44.2 of this Law shall not be applied to the goods specified in 42.3 of this Law.

Article 45. Maintenance of goods kept in the temporary warehouse

45.1. Maintenance operations and services shall be performed upon the permission of the Customs to the goods stored in the temporary warehouse with no alterations in packing or appearance.

45.2. A declarant may check the goods and take samples or specimens upon the permission of the Customs prior to the Customs clearance.

Article 46. Damaged or Spoilt goods

46.1. Goods which have been damaged or spoilt as a result of the emergency or force majeure while being kept in the temporary warehouse shall be cleared by the Customs upon the lodgement of relevant documents of proof provided by the authorized organizations.

Article 47. Considering goods as being kept in the temporary warehouse

47.1. The goods under Customs control may, upon the Customs permission be held by a declarant. In such case, the goods concerned shall be treated as kept in the Customs temporary warehouse.

47.2 Goods specified in 47.1 of this Law shall not be transferred to the third person.

47.3. The Customs shall require the security in respect of the payment of duties and taxes in compliance with the Law on Customs Tariff and Duties upon issuance of the permission concerning the goods to be stored in accordance with 47.1 of this Law.

Article 48. Requirements for Temporary warehouses

48.1. A temporary warehouse shall meet the conditions and requirements as follows:

48.1.1. provide conditions for Customs control;

48.1.2. be equipped with facilities for loading, unloading and transshipment of goods and Customs control equipment, platform, road, energy, water supply and communication networks;

48.1.3. create proper working conditions for Customs officer;

48.1.4. have security, alarm or signal system;

48.1.5. not allow outsiders to enter the temporary warehouse.

Article 49. Permission for running a temporary warehouse

49.1. The Customs Headquarters shall permit a legal body to run a temporary warehouse for a period of one year and inform the public.

49.2. Duration specified in 49.1 of this Law shall be extended for a period of one year several times.

49.3. The authorized owner of a temporary warehouse shall be obliged to:

49.3.1. run the temporary warehouse in line with conditions and requirements specified in 48.1 of this Law ;

49.3.2. to keep a record of the stored goods and submit reports to the Customs on the movement of goods;

49.3.3. to place goods in or out of the store upon the permission of the Customs;

49.3.4. not to change the goods, its packages and seals with no permission of the Customs;

49.3.5. loading, unloading, transshipment and release of the stored goods to a declarant shall be performed upon the permission of the Customs;

49.3.6. to store goods by types;

49.3.7. to inform the declarant about deadline for storage of goods 5 working days earlier than actual.

49.3.8. to compensate or reimburse the losses caused by their own fault.

Article 50. Suspension and termination of permission to run a temporary warehouse

50.1. If the conditions and requirements specified in 48.1 of this Law are not met or the obligations specified in 49.3 of this Law are failed, permission to run a temporary warehouse shall be suspended for a period up to 3 months by the Customs Headquarters for elimination of faults.

50.2. Permission for running temporary warehouses shall be terminated in case as follows:

50.2.1. the authorized owner requests to do so;

50.2.2. faults were not eliminated within the given period specified in 50.1 of this Law ;

50.2.3. conditions and requirements specified in 48.1 and obligations specified in 49.3 of this Law have not been met from time to time;

50.2.4. the authorized owner holding a permission of temporary warehouses ceases to run that business or transferred the temporary warehouse to other's ownership;

50.2.5. temporary stores was not started its business within 6 months after issuance of the permission;

50.2.6. the permission expired but there was no request made for extension.

50.3. Goods stored in the temporary warehouse shall be transferred under the control of the Customs to the other temporary warehouse within 3 working days since the authorization is terminated.

50.4. A decision on termination of the authorization to run temporary warehouse shall be made by the Customs Headquarters and informed to the public.

SUB-CHAPTER FIVE EXPORTATION OF GOODS AND MEANS OF TRANSPORT FROM THE CUSTOMS TERRITORY

Article 51. Exportation of goods and means of transport from the Customs territory

51.1. Goods and means of transport shall be exported from the Customs territory through a frontier point established in accordance with the International Treaties.

51.2. A frontier crossing point for exportation of certain type of goods shall be established in accordance with provisions of this Law and other related laws or the government resolution.

Article 52. Submission of Documents and Information

52.1. Upon departure of goods and means of transport, the carrier shall submit to the Customs the information and the documents specified in Article 35 of this Law.

52.2. In case if the information and documents specified in Article 35 this Law do not meet requirements, the carrier shall provide additional information.

Article 53. Loading Goods to Means of transport

53.1. A decision on loading of the goods concerned in Customs control area shall be taken by the Customs upon the lodgement of the information and documents specified in the Article 35 of this Law regarding the consignment to the Customs by the carrier.

53.2. The loading of goods shall be performed in Customs control area during Customs working hours.

53.3. Where necessary the permission on the loading in the places other than those specified in 53.2 of this Law shall be provided by the Customs.

Article 54. Exportation of goods from the national frontier point

54.1. Goods and means of transport shall be exported from the Customs territory through a frontier with no changes in identification marks placed for Customs purposes;

54.2. Any changes except deterioration or loss occurred during the normal transportation shall not be caused to goods specified in 54.1 of this Law.

54.3. In case if transportation of goods and means of transport has been interrupted on the route to a destination due to an emergency or *force majeure* shall be notified the nearest Customs office and to take measures to deliver to that place. In such circumstances the goods shall not be utilized or transferred to others without a permission of the Customs.

SUB-CHAPTER SIX DECLARING GOODS

Article 55. Declaring goods to Customs

55.1. A declarant shall declare goods crossing the Customs frontier to the Customs in compliance with this Law.

55.2. The goods crossing the Customs frontier may be declared as follows:

55.2.1. in writing;

55.2.2. via a data networking system;

55.2.3. verbally by a traveller declaring its personal effects or a declarant declaring international postal items;

55.2.4. by traveller choosing a red or green channel;

55.3. A declarant shall declare to the Customs the goods crossing the Customs frontier as specified in 55.1. of this Law in line with a Customs declaration form.

55.4. A complete Customs declaration form may be lodged through a data network later than actual clearance.

55.5. The Customs Headquarters shall approve the instructions on how to complete and examine the goods declaration form.

55.6. The Customs declaration form shall comply with the international standards and forms.

55.7. The data contained in the Customs declaration shall be sufficient for Customs legislation implementation, compiling Customs statistics and imposing Customs duties and other taxes.

55.8. The Customs declaration form shall be completed in Mongolian.

55.9. Personal effects and other goods of the incoming and outgoing traveller or crew member shall be declared in compliance with declaration form approved by the Customs Headquarters.

Article 56. Declaring of goods in a single consignment

56.1. The goods dispatched by a consigner to a consignee with the separate bills of lading, having the same nomenclature, classification code and country of origin, received or dispatched same day shall be considered as a single consignment and may be cleared using a single goods declaration upon completion of the single declaration form.

56.2. If the goods are transported separately due to transportation capacity to carry complete sets of equipment or machinery, they may be considered as a single consignment.

56.3. Upon the declarant's request, different goods contained consignment may be declared under the same classification code pursuant to the Harmonized System unless this code covers the same goods of the applicable highest Customs duty. In such case the documents containing descriptions, quantities and values of other goods shall be attached to the Customs declaration.

Article 57. Declarant's Rights and Obligations

57.1. A declarant has the following rights:

57.1.1. choose or change a Customs procedure;

57.1.2. examine and weigh the goods prior to the declaring;

57.1.3. take samples and specimens of the goods subject to the Customs control upon the permission of the Customs;

57.1.4. be present at the Customs control and examination conducted by a Customs officer taking samples and specimens of the goods;

57.1.5. review the results of the investigation or examination of the goods conducted by the Customs;

57.1.6. lodge documents and data on the goods through data network;

57.1.7. other rights specified in this Law.

57.2. The declarant shall be obliged to the following:

57.2.1. be responsible for the accuracy of data in the Customs declaration and pay the Customs duties and taxes or provide security for payment;

57.2.2. complete Customs declaration and provide the Customs with the required data and documents to the Customs;

57.2.3. submit the Customs declaration and accompanying documents of the goods in compliance with the Law;

57.2.4. let the declared goods to be examined by the Customs;

57.2.5. load, unload, unpack the goods in the Customs control zone or move the means of transport with the permission of the Customs;

57.2.6. prevent Customs offences and study the Customs legislation;

57.2.7. return the temporarily entered goods and means of transport within the time period specified in this Law or place them under other Customs procedure in case of unavailability;

57.2.8. other obligations specified in this Law.

Article 58. Timeframe for Lodgement of a Customs Declaration

58.1. A goods declaration shall be lodged to the Customs within a period specified in 25.1 of this Law and this timeframe shall be also applied to the Customs declaration, information and documents lodged through a data network.

58.2. The goods shall be declared while being placed in the Customs control area or Customs temporary warehouse.

58.3. Customs shall prolong the timeframe for lodgement of the declaration as specified in 44.1 and 44.2 of this Law once upon the request by the declarant if there's a sufficient ground for that.

Article 59. Pre-arrival Declaration of Goods

59.1. A Customs pre-arrival declaration with regard to foreign goods dispatched from the departure country may be lodged before their arrival at the Customs territory of Mongolia or before the completion of the carriage of goods from frontier Customs to inland Customs.

59.2. Copies of the goods accompanying documents specified in 59.1 of this Law shall be submitted to the Customs. The copies shall be compared with its originals upon arrival of the goods.

Article 60. Documents required for declaring of goods

60.1. Accompanying documents of the goods attached to the Customs declaration shall be submitted by a declarant to the Customs.

60.2. Customs shall require a minimum of documents needed for Customs formalities and ensuring implementation of Customs legislation.

60.3. The following documents shall be submitted to the Customs by a declarant for proof of the data in the Customs declaration:

60.3.1. foreign trade contracts

60.3.2. trade documents;

60.3.3. waybill and/or shipment documents;

60.3.4. certificate of the country of origin

60.3.5. permissions, licences, certificates and/or other documents required for the goods subject to non-tariff restrictions;

60.3.6. foreign trade remittance for payment or invoices;

60.3.7. documents authorizing complete or partial exemption of goods from Customs duties and taxes;

60.3.8. documentary evidence of the Customs value;

60.3.9. other documents specified in this Law.

Article 61. Acceptance of a Customs Declaration

61.1. The registration of a Customs declaration and accompanying documents by the Customs or officer shall be considered as acceptance of declaration by the Customs.

Article 62. Amendments of and Changes to a Customs Declaration

62.1. The request to amend or change the accepted by the Customs declaration shall be made in writing by a declarant if necessary.

62.2. The Customs may permit to amend or change the accepted by the Customs declaration in cases as follows:

62.2.1. data provided in the Customs declaration is considered as incomplete;

62.2.2. the examination of the declarant's goods has not started by the time when the declarant requests to the Customs to make amendments of and changes to the Customs declaration;

62.2.3. if the amendments or changes requested by the declarant will do not alter the amounts payable as Customs duties and taxes or imposition of the non-tariff restrictions;

62.3. The Customs or officers shall refrain from completion of Customs declaration, amendments and changes in the Customs declaration on their own initiative or upon an instruction or request by the third person.

Article 63. Declaration check

63.1. A declaration shall be checked by the Customs or officers immediately upon its lodgement.

63.2. The declaration shall be checked in a way as follows:

63.2.1. whether the documents as required in compliance with the Customs procedure are complete or valid;

63.2.2. whether the data specified in the Customs declaration or accompanying documents are accurate, realistic and matching;

63.2.3. whether the assessment of Customs duties and other taxes is accurate.

Article 64. Withdrawal of a Declaration

64.1. A declarant shall withdraw a declaration prior a placement of goods under the Customs procedure in order to change Customs procedure. In such case, a request shall be submitted in writing.

64.2. The request made by a declarant as specified in 64.1 of this Law shall be reviewed by the Customs within 3 working days and a response on acceptance or rejection shall be given in writing and in case of rejection, grounds shall be noted.

64.4. The goods shall be re-declared by the declarant to place the new procedure if the request specified in 64.1 of this Law is accepted.

Article 65. Termination of a Customs declaration

65.1. A Customs declaration shall be invalidated by the Customs in cases as follows:

65.1.1. the goods declared prior their arrival don't enter the territory of Mongolia or depart the territory of Mongolia due to the circumstances occurred unexpectedly for the declarant;

65.1.2. A request by the declarant on change of the Customs procedure is accepted.

SUB-CHAPTER SEVEN CUSTOMS BROKER

Article 66. Customs Broker

66.1. Customs clearance of the goods intended to enter the Customs territory of Mongolia may be effected by a Customs Broker on a contractual basis.

66.2. A Customs Broker shall be a Mongolian legal body authorized to be a Customs Broker and such permission shall be authorized by the Cabinet member responsible for Customs matters.

66.4. A legal body specified in 66.2 of this Law shall run brokerage activities engaged solely in the specified territory where he/she may perform clearance for certain types of goods.

66.5 The permission to run Customs brokerage activities shall be prohibited for transfer to others.

Article 67. Requirements to Customs broker's activities

67.1. The Customs Broker shall meet the following requirements:

67.1.1. not to have outstanding debt of taxes;

67.1.2. be solvent to run Customs Broker's activities;

67.1.3. to have less than two Customs certified specialists;

67.1.4. set up a risk fund for prevention of possible losses against payment of Customs and other duties or securities issued for payment of duties.

67.2. The amount to be kept in the risk fund shall be approved by the Customs Headquarters depending on the volume of goods covered by the Broker's activities.

67.3. The Customs shall control the activities of the Customs Broker and Customs certified specialist and regulations on control on Customs broker's activities shall be approved by the Customs Headquarters.

Article 68. Customs Certified Specialist

68.1. The Customs Headquarters shall award the person who meets criteria to act as a Customs certified specialist.

68.2. An accreditation for assessment of the Customs certified specialist's activities and professional skills shall be conducted every two years by the Customs Headquarters.

68.3. The certificate awarded to the Customs certified specialist shall be annulled on the basis of reasons as follows:

68.3.1. a court ruling has been enforced proving the crime committed by him/her;

68.3.2. multiple cases of offences violating Customs legislation occurred;

68.3.3. there is a proof that a certificate was awarded against forged or counterfeit documents;

68.3.4. failed the accreditation specified in 68.2 of this Law.

Article 69. Rights and Obligations of a Customs Broker

69.1. The Customs Broker has the right to obtain timely information from the Customs on the amendment to the Customs legislation besides those specified in 57.1 of this Law.

69.2. Customs Broker is obliged to the following besides those specified in 57.2 of this Law:

69.2.1. to conclude a contract to represent a declarant at the clearance;

69.2.2. to get involved in Customs activities through the certified Customs specialist;

69.2.3. to keep financial reports, records on Customs brokerage activities and provide the Customs with them;

69.2.4. to inform the Customs when there is any change to the registered information submitted to the Customs while obtaining Customs brokerage authorization as specified in 66.2 of this Law;

69.2.5. not to disclose the declarant's confidential information or use it unlawfully;

69.2.6. to provide the Customs with the pre-arrival information 10 days earlier than actual crossing of goods through the national frontier.

Article 70. Authorization, Suspension or Termination of Customs brokerage activities

70.1. The authorization to run Customs brokerage activities shall be given for a period not less than 3 years.

70.2. An applicant requesting for an authorization to run Customs brokerage activities shall submit to the Customs the following documents besides those specified in 11.1.1-11.1.4 of the Law on the Special Permission for economic entity's business activities.

70.2.1. references and certificates given by the competent authorities proving that the conditions and requirements specified in 70.2 of this Law are met;

70.2.2. records from the Customs and police authorities proving that offences against the Customs legislation are not committed;

70.2.3. a request to run Customs brokerage activities covering a certain type of goods and territory.

70.3. If the request is made concerning 70.2.3 of this Law, the certificate shall indicate the type of business.

70.4. If the holder of the authorization to run Customs brokerage activities meets not longer the conditions and requirements specified in 67.1 of this Law or fails to fulfill the obligations specified in 69.2 of this Law, the brokerage authorization shall be suspended by the Cabinet member responsible for Customs matters upon the proposal made the Customs Headquarters.

70.5. If the offences specified in 70.4 of this Law still occur or offences against the Customs legislation occurred twice or repeatedly, the authorization to run

Customs brokerage activities shall be terminated by the cabinet member responsible for Customs matters upon the proposal made by the Customs Headquarters.

70.6. If the matters concerning authorization, termination, extension and suspension of Customs Brokerage activities and control on their activities are not regulated by this Law, the Law on the Special Permission for economic entity's business activities⁶ shall govern those issues.

SUB-CHAPTER EIGHT

RELEASE OF GOODS DECLARED TO CUSTOMS

Article 71. Grounds for Release of Goods

71.1. Customs shall release the goods if:

71.1.1. documents required for Customs procedure are complete;

71.1.2. conditions and requirements for the placement of goods under selected Customs procedure are provided;

71.1.3. Customs duties and taxes are paid or security for payment is provided in accordance with the Law on Customs Tariff and Duties,;

71.1.4. Customs control and examination are conducted to match the Customs declaration;

71.1.5. no Customs offences were detected during the Customs control and examination as specified in 71.1.4 of this Law.

Article 72. Release of goods subject to Customs control

72.1. The following goods shall be released conditionally to be subject to Customs control:

72.1.1. goods temporarily admitted or exported;

72.1.2. goods admitted to the Customs bonded zone;

72.1.3. goods brought into free circulation with total or partial relief from Customs duties and other taxes;

⁶ Law on the Special Permission for economic entity's business activities, published in 'State Bulletin' in 2002 (6)

72.2. Goods specified in 72.1.1 and 72.1.3 of this Law shall be brought for designated use in the Customs territory.

**PART THREE
CUSTOMS PROCEDURES**

CHAPTER SEVEN

CUSTOMS PROCEDURE

SUB-CHAPTER ONE

GENERAL PROVISIONS

Article 73. Selection of a Customs procedure

73.1. The declarant shall choose a Customs procedure.

Article 74. Placement of Goods under a Customs procedure

74.1. The declarant shall place goods, upon the permission of the Customs, under his/her selected Customs procedure if its conditions and requirements are met.

74.2. The date of the goods placed in the Customs procedure shall be the same date of goods released or the date of crossing the Customs frontier.

74.3. Goods shall be placed in Customs procedure upon lodgment of documents as follows:

74.3.1. manifest for procedures specified in 79.4.1. and 79.4.2 of this Law;

74.3.2. Customs declaration form for other procedures except those specified in 79.4.1. and 79.4.2 of this Law.

Article 75. Data and Document Required for Customs Procedure

75.1. The Customs and officials shall request data and documents needed for selected Customs procedure except those specified in 60.3 of this Law.

75.2. Additional data shall be required if the data and documents received as specified in 75.1. of this Law do not meet the requirements.

75.3. A declarant shall submit relevant documents unless the goods in the selected procedure are subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier or those subject to full or partial relief from the Customs duties and other taxes.

Article 76. Guarantees Needed For Customs Procedure

76.1. A declarant shall pay Customs duty and other taxes levied on the goods carried across the Customs frontier in accordance with Customs procedure or provide guarantee to ensure payment of Customs duties and other taxes as specified in this Law on Customs Tariff and Duties.

76.2. Goods temporarily imported to or temporarily exported from the Customs territory shall be re-exported or re-imported if the requirements and conditions specified in this Law are met.

76.3. In case if the goods specified in 76.2. of this Law are re-exported or re-imported, Customs duty and other taxes previously paid shall be refunded.

Article 77. Termination of Placement in the Procedure due to Occurred Customs Offence

77.1. If the goods placed in the Customs procedure are detained or seized due to occurred Customs offences, the placement in the Customs procedure shall be terminated.

SUB-CHAPTER TWO CUSTOMS PROCEDURES

Article 78. Classification of Customs Procedures

78.1. Customs procedure shall be classified as follows:

78.1.1 importation;

78.1.2. exportation;

78.1.3. customs bonded zone;

78.1.4. transit and transshipment;

78.1.5. abandonment or destruction of goods; and

78.1.6. special procedures.

Article 79. Types of Customs Procedures

79.1. Procedure of importation of goods shall have the following types:

79.1.1. importation of goods for home use;

79.1.2. processing goods for home use;

79.1.3. temporary admission of goods for home use;

79.1.4. inward processing;

79.1.5. re-importation of goods.

79.2. Procedure of exportation of goods shall have the following types:

79.2.1. outright exportation of goods;

79.2.2. temporary exportation of goods;

79.2.3. outward processing of goods; and

79.2.4. re-exportation of goods.

79.3. Procedure of Customs bonded zones shall have the following types:

79.3.1. Customs bonded warehouse;

79.3.2. Customs bonded manufacturing area;

79.3.3. Customs bonded exhibition area;

79.3.4. Customs bonded construction area;

79.3.5. duty free shop; and

79.3.6. Customs special zones.

79.4. Procedure of transit and transshipment shall have the following types:

79.4.1. international transit;

79.4.2. domestic transit; and

79.4.3. transshipment.

79.5. Abandonment or destruction of goods procedure shall have the following types:

79.5.1. abandonment of goods; and

79.5.2. destruction of goods.

79.6. Special procedure shall have the following types:

79.6.1. stores;

79.6.2. goods for diplomatic representative offices and other organizations with diplomatic status across the Customs frontier;

79.6.3. international post traffic; and

79.6.4. personal effects of traveler; and

79.6.5. free zone.

79.7. The regulation on implementation of Customs procedures, code for procedures, information and documents required under the selected procedure and requirements thereof shall be approved by the Director General of the Customs Headquarters.

CHAPTER EIGHT IMPORTATION

SUB-CHAPTER ONE

GENERAL PROVISIONS

Article 80. Payment of Customs Duty and Other Taxes of Goods Imported and Providing Guarantee

80.1. The Customs shall levy import Customs duty and other taxes on goods upon importation as specified in 78.1.1 of this Law and collect to transfer to the State revenue.

80.2. Customs may accept guarantee to ensure payment of Customs duty other taxes for goods imported in accordance with the Law on Customs Tariff and Duties.

Article 81. Non-tariff Restrictions for Goods upon Importation

81.1. Goods upon importation shall be subject to non-tariff restrictions except those prohibited to be admitted through the national frontier of Mongolia.

SUB-CHAPTER TWO IMPORTATION OF GOODS FOR HOME USE

Article 82. Importation of Goods for Home Use

82.1. Goods placed for importation for home use shall be released for free circulation upon the payment of Customs duties and other taxes levied after the lodgment of the required documents specified in 79.1.1 of this Law.

82.2. Goods fully or partially relieved from Customs duty and other taxes shall be disposed for designated use as specified in the Customs legislation.

Article 83. Goods Imported for Home Use

83.1. The following goods shall be placed for importation for home use:

83.1.1. foreign goods imported;

83.1.2. foreign goods imported for home use being placed under other procedures.

Article 84. Termination of Importation for Home Use

84.1.1. Importation for home use shall be terminated when the goods are released to the declarant or placed under other procedures.

SUB-CHAPTER THREE

PROCESSING FOR HOME USE

Article 85. Processing for Home Use

85.1. In accordance with processing of goods for home use, foreign goods shall be temporarily imported upon lodgment of the required documents for placing under the procedure specified in 82.1. of this Law.

85.2. Processing operations specified in 85.1. of this Law shall be:

85.2.1. processing or concentrating of goods concerned;

85.2.2. manufacturing new goods by using goods concerned.

Article 86. Requirements for Goods for Processing for Home Use

86.1. Goods to be placed under processing for home use shall comply with the following requirements:

86.1.1. amount of Customs import duty and other taxes levied on such goods shall be higher than the amount of Customs duty and other taxes levied on processed goods;

86.1.2. Customs shall be able to control processing of such goods;

86.1.3. Customs shall be able to identify goods concerned from processed goods;

86.1.4. an original state of the goods cannot be recovered after the processing.

Article 87. Goods To Be Placed under Processing for Home Use

87.1. The following goods shall be permitted to be placed under processing for home use procedure:

87.1.1. foreign goods imported; and

87.1.2. foreign goods imported from Customs bonded zones.

Article 88. Customs Identification Mark for Goods under Processing for Home Use

88.1. Customs shall use identification mark, for the Customs purposes, for goods placed under processing for home use.

88.2. Identification mark used for the Customs purpose shall be most appropriate marking as specified in 261.1. of this Law.

Article 89. Duration of Stay of Goods Placed under Processing for Home Use

89.1. Duration of stay of goods placed under processing for home use shall be not more than one year since the placement date under such procedure.

89.2. The Customs Headquarters may extend duration of stay of goods under the processing for home use by up to six months for one time.

Article 90. Legal Body Authorized to Process Goods for Home Use

90.1. Any legal body intending to process goods for home use shall submit his/her request to the Customs Headquarters before the goods imported.

90.2. The legal body specified in 90.1. of this Law shall request in writing and submit the following information and documents:

90.2.1. address and a copy of the state registration certificate of the legal body,

90.2.2. description, classification code and types of goods for processing and goods to be processed, yield and quantity of waste and residues thereof;

90.2.3. name, location and address of processing enterprise;

90.2.4. methods, production phases and duration of processing of goods;

90.2.5. other information on goods processing operations.

90.3 The Customs Headquarters shall make decision within 21 working days after the acceptance of the request specified in 90.1 of this Law and shall notify in writing.

90.4. In case if goods under processing for home use are transferred to other person it shall notify the Customs Headquarters.

Article 91. Waste and Residue of the Goods Processed for Home Use

91.1. Wastes and residues left by processing of goods for the home use shall be cleared in accordance with the procedure selected by the declarant.

Article 92. Termination of Processing for Home Use

92.1. Processing for home use shall be terminated when the goods or processed goods made thereof are placed under importation for home use or other procedures.

SUB-CHAPTER FOUR

TEMPORARY ADMISSION OF GOODS

Article 93. Temporary Admission Procedure

93.1. Foreign goods shall be temporarily admitted upon the lodgment of required documents in accordance with temporary admission procedure of goods intended for re-exportation within specified in period with no change.

93.2. Goods temporarily admitted shall be utilized for designated use.

93.3. Goods temporarily admitted shall not be altered except the changes caused by depreciation under normal conditions of transportation, storage and utilization of such goods.

93.4. In order to preserve quality of goods, service for goods temporarily admitted may be offered.

Article 94. Goods To Be Placed under Temporary Admission

94.1. The following goods shall be placed under a temporary admission procedure:

94.1.1. foreign goods imported inward;

94.1.2. foreign goods imported from Customs bonded zones;

Article 95. Payment of Customs Duty and Other Taxes of Goods Temporarily Admitted and Providing Guarantee

95.1. Customs shall levy and collect import Customs duty and other taxes for goods placed under the temporary admission and transfer to the special account in the State Revenue.

95.2. Customs may accept guarantee to ensure payment of Customs duties other taxes for goods placed under the temporary admission in accordance with the Law on Customs Tariff and Duties.

Article 96. Customs Identification Mark for Goods Placed under Temporary

Admission

96.1. Customs shall use Customs identification mark for goods placed under temporary admission.

96.2. The Customs identification mark used for goods under temporary admission shall be most appropriate marking as specified in 261.1. of this Law.

Article 97. Timeframe for Re-exportation of Temporarily Admitted Goods

97.1. Timeframe for re-exportation of goods placed under temporary admission shall be not more than one year since the date of placement under such procedure.

97.2. The Customs Headquarters may extend the duration of re-exportation of goods under the temporary admission specified in 97.1 of this Law by up to six months for one time.

97.3. If goods placed under the temporary admission are imported for implementation of national projects or measures, the Cabinet Minister in charge of Customs matters shall extend timeframe beyond the timeframe as specified in 97.2 of this Law. In this case the timeframe for goods placed under the temporary admission shall not exceed period needed for implementation of such national projects or measures.

Article 98. Termination of Temporary Admission Procedure

98.1. Temporary admission shall be terminated upon the re-exportation of the goods concerned or transferred to other procedure.

SUB-CHAPTER FIVE INWARD PROCESSING

Article 99. Inward Processing

99.1. Foreign goods shall be temporarily admitted upon the lodgment of required documents in accordance with inward processing of goods intending re-exported within specified period after the processing.

99.2. Processing specified in 99.1. of this Law shall cover processes as follows:

99.2.1. processing or dressing certain goods;

99.2.2. manufacturing new goods by using certain goods;

99.2.3. repair of certain goods;

99.2.4. use of the goods for manufacturing other goods.

99.3. The goods may cease to exist being totally consumed or absorbed during manufacturing process as specified in 99.2.4. of this Law.

Article 100. Requirements for Goods To Be Placed under Inward Processing

100.1. Goods to be placed under inward processing shall comply with the following requirements:

100.1.1. be possible to be controlled by the Customs during processing the goods;

100.1.2. be possible to be identified from processed goods.

Article 101. Goods To Be Placed under Inward Processing

101.1. The following goods shall be placed under inward processing procedure:

101.1.1. imported foreign goods;

101.1.2. foreign goods imported from Customs bonded zones.

Article 102. Payment of Customs Duty and Other Taxes of Goods under Temporary Admission and Providing Guarantees

102.1. Customs shall levy and collect import Customs duty and other taxes for goods placed under the inward processing and transfer to the special account in the State Revenue.

Article 103. Customs Identification Mark for Goods under Inward Processing

103.1. Customs shall use identification marks for goods placed under inward processing.

103.2. Customs identification mark used for goods under the inward processing as specified in 103.1 of this Law shall be most appropriate marking from those specified in 261.1. of this Law.

Article 104. Timeframe for Goods under Inward Processing

104.1. Timeframe for goods placed under inward processing shall be not more than one year since the date of placement under such procedure.

104.2. Customs Headquarters may extend the duration of goods under inward processing specified in 104.1. of this Law by up to six months for one time.

Article 105. Legal Body Authorized to Run Inward Processing

105.1. Any legal body intending to process goods inward shall submit his/her request to the Customs Headquarters prior to goods are imported.

105.2. While making decision on the request specified in 105.1 of this Law, the Customs Authority shall comply with 90.2 and 90.3 of this Law.

Article 106. Waste and Residue of the Goods Processed Inward

106.1. Wastes and residues left by processing goods placed under inward processing shall be cleared in accordance with the procedure selected by the declarant.

Article 107. Termination of Inward Processing

107.1. Inward processing shall be terminated when the goods are re-exported or placed under other procedures.

SUB-CHAPTER SIX RE-IMPORTATION

Article 108. Re-importation

108.1. Mongolian goods exported outright in accordance with 79.2.1. of this Law shall be re-imported upon the lodgment of required documents.

Article 109. Goods To Be Placed under Re-importation

109.1. The following goods shall be placed under re-importation:

109.1.1. Mongolian goods imported;

109.1.2. Mongolian goods entered to Customs bonded zones.

109.2. If the Mongolian goods exported outright are altered, such goods shall be regarded as foreign goods and shall be placed under other procedures.

Article 110. Payment of Customs Duty and Other Taxes of Goods under Re-importation

110.1. When goods re-imported are proved to be the Mongolian goods Customs duty and other taxes shall not be levied.

110.2. When goods exported outright are re-imported export Customs duty and other taxes shall not be refunded.

Article 111. Documents Required under Re-importation

111.1. Goods shall be placed under re-importation on the basis of Customs declaration form and previous Customs declaration form.

Article 112. Termination of Re-importation

112.1. Re-importation shall be terminated upon the re-importation of the goods to or placed under other procedures.

CHAPTER NINE OUTRIGHT EXPORTATION

SUB-CHAPTER ONE GENERAL PROVISIONS FOR OUTRIGHT EXPORTATION

Article 113. Payment of Customs Duty and Other Taxes of Goods under Exportation Procedure and Provide Guarantees

113.1. Customs shall levy and collect export Customs duty and other taxes for goods placed under the outright exportation and transfer to the State Budget or to special account in the State Fund.

113.2. Customs may accept guarantee to ensure payment of Customs duties other taxes for goods placed under the outright exportation in accordance with the Law on Customs Tariff and Duties.

Article 114. Non-tariff Restrictions for Goods under Exportation

114.1. Goods under outright exportation shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

SUB-CHAPTER TWO OUTRIGHT EXPORTATION

Article 115. Outright Exportation

115.1. Mongolian goods shall be exported from the Customs territory upon lodgment of documents required for outright exportation and upon the payment of export duties and other taxes if the goods are subject to export Customs duties and other taxes.

Article 116. Goods To Be Placed under Outright Exportation

116.1. The following goods shall be placed under outright exportation:

116.1.1. Mongolian goods in the Customs territory;

116.1.2. goods under other Customs procedures.

Article 117. Outright Exportation of Foreign Goods in Free Circulation

117.1. Customs duty and other taxes shall not be refunded when foreign goods in free circulation are exported outright.

Article 118. Termination of Outright Exportation

118.1. Outright exportation shall be terminated upon the outright exportation across the national frontier or transferred to other procedure.

SUB-CHAPTER THREE TEMPORARY EXPORTATION

Article 119. Temporary Exportation

119.1. Mongolian goods shall be exported temporarily upon lodgment of documents required for temporary exportation and intending to be re-imported with no change within the specified period.

119.2. Goods temporarily exported shall not be changed except the changes caused by depreciation under normal conditions of haulage (transportation), storage and use of the goods

119.3. In order to preserve quality of goods, service for goods temporary exported may be offered.

Article 120. Goods To Be Placed under Temporary Exportation

120.1. The following goods shall be placed under temporary exportation:

120.1.1. Mongolian goods in the free circulation in the Customs territory;

120.1.2. goods transferred from other procedures.

Article 121. Temporary Exportation of Foreign Goods in Free Circulation

121.1. When foreign goods in free circulation are temporarily exported, Customs duty and other taxes shall not be refunded.

Article 122. Customs Identification Mark for Goods under Temporary Exportation

122.1. Customs shall use Customs identification mark for goods placed under temporary exportation.

122.2. The Customs identification mark used for goods specified in 122.1 of this Law under the temporary exportation shall be most appropriate marking specified in 261.1. of this Law.

Article 123. Timeframe for Re-imported Goods

123.1. Timeframe for re-importation of goods placed under temporary exportation shall be not more than one year since the date of placement under such procedure.

123.2. The Customs Headquarters may extend the duration of re-importation of goods temporarily exported as specified in 123.1 of this Law by up to six months for one time.

Article 124. Termination of Temporary Exportation

124.1. Temporary exportation shall be terminated upon re-importation of the goods or placed under other procedure.

SUB-CHAPTER FOUR OUTWARD PROCESSING

Article 125. Outward Processing

125.1. Mongolian goods shall be exported temporarily upon lodgment of the documents required for outward processing of goods intending to be processed and re-imported within the specified period.

125.2. "Processing" of goods under outward processing shall be defined as specified in 125.2 of this Law.

Article 126. Requirements for Goods To Be Placed under Outward Processing

126.1. Goods to be placed under outward processing procedure shall meet the following requirements:

126.1.1. Customs shall be able to control processing of such goods;

126.1.2. Customs shall be able to use Customs identification marks for the processed goods.

Article 127. Goods To Be Placed under Outward Processing

127.1. The following goods shall be placed under outward processing:

127.1.1. Mongolian goods in the free circulation;

127.1.2. goods transferred from other procedures.

Article 128. Placing Foreign Goods in the Free Circulation under Outward Processing Procedure

128.1. When foreign goods in free circulation are placed under the outward processing, Customs duty and other taxes shall not be refunded.

Article 129. Customs Identification Mark for Goods under Outward Processing

129.1. Customs shall use identification mark, for the Customs purposes, for goods placed under outward processing.

129.2. Customs identification mark used for goods under the outward processing shall be most appropriate marking as specified in 261.1. of this Law.

Article 130. Timeframe for Re-importation

130.1. Timeframe for re-importation of goods placed under outward processing shall be not more than one year since the date of placement under such procedure.

130.2. The Customs Headquarters may extend the duration of re-importation of goods under the outward processing as specified in 130.1 of this Law by up to six months for one time.

Article 131. Termination of Outward Processing

131.1. Outward processing procedure shall be terminated upon re-importation of the goods or placed under other procedure.

SUB-CHAPTER FIVE RE-EXPORTATION

Article 132. Re-exportation

132.1. Goods proved to be foreign goods shall be re-exported upon the lodgment of the documents required for the re-exportation free of Customs duties and other taxes.

Article 133. Goods To Be Placed under Re-exportation

133.1. The following goods shall be placed under re-exportation:

133.1.1. foreign goods except those in the free circulation being in the Customs territory;

133.1.2. foreign goods placed to Customs bonded zones.

Article 134. Payment of Customs Duty and Other Taxes of Goods under Re-exportation and Providing Guarantees

134.1. Customs shall not levy Customs duty and other taxes on goods under re-exportation which are proved to be foreign goods.

134.2. When foreign goods placed under importation for home use are re-exported, custom duty and other taxes shall not be refunded.

134.3. When goods temporary admitted are re-exported, Customs duty and other taxes shall not be refunded if the goods are altered except the changes caused by depreciation under normal conditions of transportation, storage and use of the goods.

134.4. When goods placed under the inward processing are re-exported, Customs duty and other taxes shall be levied on quantity and expenses related to the processing of the goods.

Article 135. Documents Required under Customs procedure

135.1. Customs declaration form and previous Customs declaration form are required for placing goods under re-exportation.

Article 136. Termination of Re-exportation

136.1. Re-exportation shall be terminated upon the carriage of the goods across the Customs frontier or placed under other procedure.

CHAPTER TEN CUSTOMS BONDED ZONE

SUB-CHAPTER ONE

GENERAL PROVISIONS FOR CUSTOMS BONDED ZONES

Article 137. General Principles of Customs Bonded Zones

137.1. The goods to be placed in Customs bonded zone shall be cleared upon the lodgment of required documents.

137.2. The Customs simplified clearance shall be applied without requiring guarantees for Customs duty and other taxes when goods are placed under Customs bonded zone directly from abroad not being in transit through the Customs territory or exported directly abroad not being in transit through the Customs territory.

137.3. The goods entering or leaving Customs bonded zones shall be cleared in compliance with Customs legislation, exchange and tariff rates effective on the date of goods entry or dispatch from Customs bonded zones.

137.4. Import Customs duty shall not be levied on goods brought from abroad and placed under Customs bonded zone while export Customs duty and other taxes shall be levied on Mongolian goods placed under such procedure if they are brought from the Customs territory and collected for the State budget.

137.5. Import Customs duty and other taxes shall not be refunded for foreign goods in the free circulation when such goods are placed into the Customs bonded zone.

137.6. Goods to be placed in the Customs bonded zone shall not be subject to non-tariff restrictions except the prohibition to carry across the Mongolian frontier.

137.7. When goods enter and leave Customs bonded zone from and to abroad, they shall not be restricted upon any grounds other than those related with public security, public mverbale, hygiene, health, quarantine, trade marks and intellectual property rights.

Article 138. Authorization of Operations in Customs Bonded Zones

138.1. Types of authorized operations in Customs bonded zone shall be as follows:

138.1.1. running Customs bonded warehouse;

138.1.2. running Customs bonded manufacturing area;

138.1.3. running Customs bonded exhibition area;

138.1.4. running Customs bonded construction area;

138.1.5. establishing Customs special zones; and

138.1.6. running duty free shops.

138.2. The authorization specified in 138.1 of this Law shall be granted by the Customs Headquarters for up to two years depending on the nature of business. Timeframe of the authorization may be extended for the period not exceeding the initial timeframe.

138.3. The authorization specified in 138.1.6 shall be granted through bidding in line with the regulation approved by the Customs Headquarters.

138.4. Legal issues not covered by Law concerning issuance, termination, extension of time frame and suspension of authorization specified in 138.1 and control on the activities of the authorized person shall be governed by the Law on authorized economic operations.

Article 139. Request for Authorized Operations in Customs Bonded Zone

139.1. The following documents are required for request for authorization of operations specified in 138.1. of this Law in addition to documents required by 11.1.1.-11.1.4 of this Law on authorized economic operations:

139.1.1. documents proving financial capability to recover risks which may arise from such operations;

139.1.2. information on operations and structures;

139.1.3. sketches and diagrams of premises, constructions and platforms;

139.1.4. assessment made by relevant professional organizations;

139.1.5. work place evaluation; and

139.1.6. availability of conditions for Customs control.

139.2. The Customs Headquarters shall make decision on the request within 21 working days since the acceptance of such request specified in 139.1 of this Law and if the Customs Headquarters refuses to accept the request, it shall specify grounds in writing. If the request is accepted, the Customs Headquarters shall make decision to grant authorization and issue a certificate.

Article 140. Termination and Suspension of Authorization for Operations in Customs Bonded Zone

140.1. When the owner of the authorization specified in 139.1. of this Law violates the requirements and conditions of Customs bonded zone, the Customs Headquarters shall suspend the operations for the period of up to three months.

140.2. When the owner of the authorization specified in 139.1. of this Law violates the requirements and conditions of Customs bonded zone and provisions of the Customs legislation more than twice, the Customs Headquarters shall terminate the authorization.

140.3. If the authorization is terminated in accordance with 140.2. of this Law, the Customs Headquarters shall determine timeframe for removing goods in the Customs bonded zone to other procedures under Customs control.

SUB-CHAPTER TWO CUSTOMS BONDED WAREHOUSE

Article 141. Customs Bonded Warehouse

141.1. For getting wider market opportunities and referral of Customs duty and other taxes, goods may be placed in Customs bonded warehouse upon the lodgment of required information and documents.

Article 142. Goods To Be Placed in Customs Bonded Warehouse

142.1. The following goods shall be placed in Customs bonded warehouse:

142.1.1 Mongolian goods;

142.1.2. foreign goods coming from abroad;

142.1.3 goods which are placed in other procedures.

Article 143. Non-tariff Restrictions for Goods under Customs Bonded Warehouse

143.1. Foreign goods to be placed in Customs bonded warehouse shall be subject to non-tariff restrictions except the prohibition to carry across the Mongolian frontier.

143.1.2. Mongolian goods to be placed in Customs bonded warehouse shall be subject to non-tariff restrictions.

Article 144. Types of Customs Bonded Warehouses

144.1. Customs bonded warehouse may be open for public use or closed for use solely by one or more economic entities or organizations.

144.2. All goods, owned by economic entities, organizations and individuals, except those prohibited to be carried across the Mongolian frontier may be placed in the Customs open bonded warehouse.

144.3. Goods which require special storage conditions, facilities and equipment or which may have affect other goods shall be placed in the Customs closed bonded warehouse.

Article 145. Requirements for Customs Bonded Warehouse

145.1. The authorized owner of bonded warehouses shall follow the requirements and conditions as follows:

145.1.1. be guided by a rules on warehouse operations and access thereto;

145.1.2. provide workplace for Customs officials whose duty is the Customs control for warehouse;

145.1.3. admit and discharge goods to and from warehouse under the Customs control;

145.1.4. warehouse owner shall be obliged in accordance with the law to recover losses caused to other persons due damage and loss of goods and deterioration of quality occurred by his/her negligence;

145.1.5. interface warehouse with the Customs data network;

145.1.6. keep an inventory of goods in warehouse and submit reports to the Customs in the time;

145.1.7. ensure quantity and quality of goods when warehouse ownership is suspended;

145.1.8. store goods in sorted out order in the warehouse and label them indicating the name, type, quantity and remaining quantity of the goods.

145.1.9. the warehouse owner shall notify the declarant or concerning person in writing storage timeframe 14 days before its expiry;

145.1.10. isolate warehouse from other premises and constructions, provide proper equipment for preserving goods quality in line with relevant standards, technical requirements and hygiene standards.

Article 146. Operations Authorized in Customs Bonded Warehouses

146.1. The following operations shall be authorized by the Customs in Customs bonded warehouse:

146.1.1. ensuring preservation of goods;

146.1.2. unpacking, sorting out, packing, repackaging and placing identification marks;

146.1.3. other operations authorized by the Customs.

Article 147. Timeframe for Storage of Goods in Customs Bonded Warehouse

147.1.1. Goods are authorized to be kept in Customs bonded warehouse for up to two years. The Customs Headquarters may extend the timeframe by up to one year for one time.

Article 148. Termination of Customs Bonded Warehouse

148.1. Customs bonded warehouse procedure shall be terminated upon placement of goods under other procedures or the warehouse is closed down.

SUB-CHAPTER THREE CUSTOMS BONDED MANUFACTURING AREA

Article 149. Customs Bonded Manufacturing Area

149.1. For the purposes of promoting development of particular sector or industry significant to the state economy and enhance competitiveness of certain goods in the world market, Customs bonded manufacturing area may be established in the Customs territory.

Article 150. Goods To Be Placed into Customs Bonded Manufacturing Area

150.1. The following goods shall be placed into Customs bonded manufacturing area:

150.1.1. Mongolian goods;

150.1.2. foreign goods coming from abroad;

150.1.3. goods placed in other procedure.

150.2. Technical facilities and equipment required for the operation of Customs bonded manufacturing area shall not be placed under this procedure specified in 150.1 of this Law.

Article 151. Non-tariff Restrictions for Goods under Customs Bonded Manufacturing Area Procedure

151.1. Foreign goods to be placed into Customs bonded manufacturing area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

151.2. Mongolian goods to be placed into Customs bonded manufacturing area shall be subject to non-tariff restrictions.

Article 152. Requirement for Customs Bonded Manufacturing Area Procedure

152.1. The authorized owner of the Customs bonded manufacturing area shall follow requirements and conditions as follows:

152.1.1. to provide statement given by the relevant organizations proving that equipment to be installed as advanced technology and equipment and manufactured products resulted in application of such technology and equipment are able to compete on the market;

152.1.2. to provide working conditions for the Customs officials and equipment necessary for Customs control;

152.1.3. to provide reliable security system, alarm system, lighting and fire safety;

152.1.4. premises for manufacturing shall isolated by fences other premises and required signs and warnings shall be placed;

152.1.5. to admit and discharge goods to and from manufacturing area under the Customs control;

152.1.6. Customs bonded manufacturing area owner shall be obliged to recover in accordance with the law losses caused to other persons due to damage, loss of goods and deterioration of quality occurred by his/her negligence.

Article 153. Authorized Operations in Customs Bonded Manufacturing Area

153.1. The following operations shall be authorized in Customs bonded manufacturing area such as:

153.1.1. goods manufacturing;

153.1.2. raw materials processing;

153.1.3. maintenance and repairing;

153.1.4. taking samples and specimens; and

153.1.5. other operations authorized by the Customs.

Article 154. Timeframe for Placing Goods in the Customs Bonded Manufacturing Area

154.1. Goods are permitted to be kept in Customs bonded manufacturing area for up to two years. The Customs Headquarters may extend the timeframe by up to one year for one time.

Article 155. Termination of Customs Bonded Manufacturing Area Procedure

155.1. Customs bonded manufacturing area procedure shall be terminated upon the placement of goods under other procedures or the Customs bonded manufacturing area is dismissed.

SUB-CHAPTER FOUR

CUSTOMS BONDED EXHIBITION AREA

Article 156. Customs Bonded Exhibition Area

156.1. For the purposes of creating opportunities for exploration of an advanced technology and obtaining such technology, a Customs bonded exhibition area may be established in the Customs territory.

Article 157. Goods To Be Placed under Customs Bonded Exhibition Area

157.1. The following goods shall be placed under Customs bonded exhibition procedure:

157.1.1. Mongolian goods in free circulation;

157.1.2. foreign goods coming from abroad; and

157.1.3. goods placed under other procedure.

Article 158. Non-tariff Restrictions for Goods Placed into Customs Bonded Exhibition Area

158.1. Mongolian goods to be placed into Customs bonded exhibition area shall be subject to non-tariff restrictions.

158.2. Foreign goods to be placed into Customs bonded exhibition area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

Article 159. Requirements for Placement under Customs Bonded Exhibition Area

159.1. The following conditions and requirements shall be met in Customs bonded exhibition area:

159.1.1. admit goods only for exhibition;

159.1.2. provide reliable security system, camera system, alarm system, lighting and fire safety;

159.1.3. premises for manufacturing shall be isolated by fences other premises and required signs and warnings shall be placed;

159.1.4. provide workplace for Customs officials and equipment necessary for Customs control;

Article 160. Operations Authorized in Customs Bonded Exhibition Area

160.1. The following operations shall be carried out in Customs bonded exhibition area:

160.1.1. to exhibit goods;

160.1.2. to conduct a test or trial;

160.1.3. to deliver services; and

160.1.4. to take samples or specimens.

Article 161. Timeframe for Goods To Be Placed in Customs Bonded Exhibition Area

161.1. Goods are permitted to be kept in Customs bonded manufacturing area for up to two years. The Customs Headquarters may extend the timeframe by up to one year for one time.

Article 162. Termination of Customs Bonded Exhibition Area Procedure

165.1. Customs bonded exhibition area procedure shall be terminated upon the placement of goods under other procedures or the Customs bonded exhibition area is closed down.

SUB-CHAPTER FIVE CUSTOMS BONDED CONSTRUCTION AREA

Article 163. Customs Bonded Construction Area

163.1. Customs bonded construction areas may be established in the Customs territory for the purposes of promoting construction of buildings or complexes strategically important for the Mongolia's economy using foreign construction materials.

Article 164. Good To Be Placed in Customs Bonded Construction Area

164.1. The following goods shall be placed in the Customs bonded construction area:

164.1.1. foreign construction materials coming from abroad;

164.1.2. foreign construction materials placed under other procedures.

164.2. Technical facilities, equipment, tools and machineries to be used for construction of such objects shall not be placed under the procedure specified in 163.1 of this Law.

Article 165. Non-tariff Restrictions for Goods under Customs Bonded Construction Area

165.1. Foreign construction materials to be placed into Customs bonded construction area shall be subject to non-tariff restrictions except those prohibited to be to be admitted across the Mongolian frontier.

165.2. Mongolian goods to be placed into the Customs bonded construction area shall be subject to non-tariff restrictions except those prohibited to be admitted across the Mongolia frontier.

Article 166. Requirements for Customs Bonded Construction Area

166.1. The following conditions and requirements shall be met in Customs bonded construction area:

166.1.1. provide reliable security, camera system, alarm system, lighting and fire safety;

166.1.2. construction area shall be isolated by fences from other premises and required signs and warnings shall be placed;

166.1.3. provide a workplace for Customs officials and equipment necessary for Customs control and examination;

166.1.4. provide conditions for Customs control on processes and phases of construction work;

166.1.5. have the needed papers confirming permission for construction and land ownership and statement given by the taxation authority on having no outstanding debt;

166.1.6. submit report to the Customs within the specified time on goods admitted to the construction area, construction work completion, yield and norms of construction materials allocated for building.

Article 167. Operations permitted in Customs Bonded Construction Area

167.1. The following operations are permitted to be done in Customs bonded construction area:

167.1.1. examination of construction materials;

167.1.2. processing construction materials;

167.1.3. actual construction work; and

167.1.4. other operations permitted by the Customs.

167.2. Goods shall be placed in Customs bonded construction area for the period until the completion of the construction work.

167.3. Goods remaining after the completion of the construction work shall be placed under other Customs procedure.

Article 168. Termination of the Customs Bonded Construction Area Procedure

168.1. Customs bonded construction area procedure shall be terminated when the goods are placed under other procedures or construction work is terminated.

SUB-CHAPTER SIX DUTY FREE SHOP

Article 169. Duty Free Shop

169.1. Duty free shops where goods not intended for use in the Customs territory are admitted without Customs duty and other taxes and sold under the Customs control may be established in the Customs territory.

169.2. Duty free shops designed for officials with diplomatic privileges and immunity of diplomatic representative offices and international organizations in Mongolia and passenger coming through the Customs frontier of Mongolia may be established at the frontier ports, international airports or in the inland of the Customs territory.

Article 170. Goods To Be Placed under Duty Free Shop Procedure

170.1. Economic entities running duty free shop may place any goods into duty free shop except the following goods:

170.1.1. goods prohibited to be carried across the Mongolian frontier;

170.1.2. non personal effects designated for manufacturing, technical operations and construction;

170.1.3. goods with weight exceeding of 20 kg and dimensions more than 200 cm;

170.1.4. spirit, cigarette and tobacco packed in the quantity exceeding the allowed amount for personal use of passenger or packed for retail sale;

170.1.5. medicines and medical products;

170.1.6. imported and ordered goods by other economic entities or organization;

170.2. Goods produced in Mongolia may be admitted to the duty free shops.

Article 171. Requirements for Duty Free Shops

171.1. Duty free shops shall meet the following condition and requirements:

171.1.1. shall have sales hall, warehouse and supporting facility in conformity with the international standards;

171.1.2. equipment, furnishings, lighting, alarms and security monitoring system shall be at the level of duty free shops in other countries;

171.1.3. sales hall of duty free shops operating at the frontier ports shall be constructed to restrict carriage of goods to the Customs territory and transfer to other persons;

171.1.4. the authorized owner duty free shop shall conclude a sales contract with a foreign supplier;

171.1.5. goods shall be sold at a price in conformity with international price free of Customs duty and other taxes;

171.1.6. duty free shops operating at the frontier port shall sell goods upon presenting passenger ticket, passport and passenger's declaration;

171.1.7. operations of duty free shop shall be commenced within 3 months after the authorization is issued;

171.1.8. it shall meet general conditions and requirements for sales operations.

Article 172. Non-tariff Restrictions for Goods placed in Duty Free Shop

172.1. Foreign goods to be placed into duty free shops shall be subject to non-tariff restrictions except those prohibited to be admitted across the Mongolian frontier.

172.2. Mongolian goods to be placed into duty free shops shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolia frontier.

Article 173. Termination of Duty Free Shop Procedure

173.1. Duty free shop procedure shall be terminated when the goods are placed under other procedures or the duty free shop is closed down.

SUB-CHAPTER SEVEN CUSTOMS SPECIAL ZONE PROCEDURE

Article 174. Customs Special Zone

174.1. Customs special zone may be established in the Customs territory for the purposes of promoting development of certain sector, introducing advanced technology and creating favorable environment for investment.

Article 175. Goods To Be Placed under Special Zone Procedure

175.1. The following goods shall be placed under the Special Zone procedure:

175.1.1. Mongolian goods;

175.1.2. foreign goods admitted from abroad; and

175.1.3. goods placed under other procedures.

Article 176. Non-Tariff Restrictions for Goods Placed in the Special Zone

176.1. Foreign goods to be placed into Customs special zone shall not be subject to non-tariff restrictions except those prohibited to be admitted across the Mongolian frontier.

176.2. Mongolian goods to be placed into Customs special zone shall be subject to non-tariff restrictions except those prohibited to be admitted across the Mongolia frontier

Article 177. Requirements for Customs Special Zone

177.1. Customs special zone shall meet the following conditions and requirements:

177.1.1. to provide documents and relevant materials confirming operations specified in 178.1. of this Law for promoting development of certain sector, introducing advanced technology and creating favorable environment for investment and where necessary obtain permission form competent authorities;

177.1.2. the authorized owner of the Customs special zone shall be interfaced with the Customs data network;

177.1.3. conclude a contract with concerning Customs on control and submit required reports when deemed needed;

177.1.4. run the Customs special zone in accordance with the conditions and requirements and provide accurate records and reports;

177.1.5. register goods or means of transport entering the zone, administer and control goods processing, manufacturing, assembling and exhibiting and provide working conditions for the Customs officers for in charge of Customs control and examination;

177.1.6. the authorized owner of the Customs special zone shall be responsible for preservation of goods and inventory in the zone and record goods admitted to the zone in line with approved forms and submit goods movement report to the concerning Customs every month;

177.1.7. Customs special zone shall be isolated by fences from other premises and required signs and warnings shall be placed;

177.1.8. provide reliable security system, alarm system, lighting and fire safety;

177.2. Storage period of goods admitted to the Customs special zone shall not be restricted except the emergency cases.

Article 178. Operations Authorized in Customs Special Zone

178.1. The following operations shall be authorized in Customs special zone:

178.1.1. manufacturing;

178.1.2. processing; and

178.1.3. service delivery.

Article 179. Termination of Procedure

179.1. Customs special zone procedure shall be terminated when the goods are placed under other procedure or Customs special zone is closed down.

CHAPTER ELEVEN TRANSIT, TRANSSHIPMENT, ABANDONMENT OF GOODS AND DESTRUCTION OF GOODS

SUB-CHAPTER ONE INTERNATIONAL TRANSIT

Article 180. International Transit

180.1. In accordance with the international transit procedure, foreign goods shall move in transit from the frontier Customs of entry to the frontier Customs of exit along the Customs route within the specified in period with no changes to goods concerned.

180.2. Consignor and consignee of goods in international transit shall be abroad.

180.3. Goods in international transit shall not be changed except those caused by depreciation under normal conditions of transportation, storage and use of the goods.

Article 181. Requirements for Placing Goods under International Transit

181.1. Goods to be placed under international transit shall be goods carried from abroad through the Customs territory to abroad.

181.2. Goods to be placed under international transit shall meet the following requirements:

181.2.1. the Customs shall be able to control the goods in transit;

181.2.2. the Customs shall be able to place identification marks for Customs purposes;

181.2.3. it shall be able to place identification marks for the Customs purposes on means of transport carrying the goods in international transit.

Article 182. Payment of Customs Duty and Other Taxes of Goods in International Transit and Providing Guarantees

182.1. The Customs shall not levy Customs duty and other taxes on goods placed in international transit.

182.2. The Customs may request guarantee in accordance with the Law on Customs Tariff and Duties in case if compliance of the requirements specified in 184.2 of this Law are not met.

Article 183. Non-tariff Restrictions for Goods in International Transit

183.1. Goods placed under international transit shall not be subject to non-tariff restrictions.

Article 184. Placing Customs Identification Mark on Goods In International Transit

184.1. The Customs shall place Customs identification mark for goods placed under international transit.

184.2. Identification mark placed for the Customs purpose on goods in international transit shall be most appropriate marking specified in 263.1. of this Law.

Article 185. Transportation of Goods in International Transit Along the Customs Approved Route

185.1. Goods shall be transported along the national and international transport route approved by the competent authority.

185.2. Goods in international transit shall be transported by the carrier authorized by the Customs Headquarters.

Article 186. Registration of Goods and Means of Transport

186.1. The frontier Customs shall register goods and means of transport placed in international transit.

Article 187. Termination of International Transit Procedure

187.1. International transit procedure shall be terminated when the goods are carried across the national frontier or placed under other procedure.

SUB-CHAPTER TWO DOMESTIC TRANSIT

Article 188. Domestic Transit

188.1. In accordance with domestic transit procedure, goods are transported in the territory of Mongolia between the following Customs offices within the specified in period, under the Customs control and no changes made to goods concerned;

188.1.1. from frontier Customs to inland Customs;

188.1.2. from inland Customs to frontier Customs;

188.1.3. from one inland Customs to other inland Customs;

188.1.4. from one frontier Customs to other frontier Customs.

188.2. Goods shall be transported under domestic transit procedure from the Mongolian frontier to the frontier Customs or from the frontier Customs to the Mongolian frontier.

Article 189. Requirements for Placing Goods under Domestic Transit Procedure

189.1. Goods placed under domestic transit procedure shall meet the following requirements:

189.1.1. the Customs shall be able to control of goods;

189.1.2. the Customs shall be able to place Customs identification marks;

189.1.3. it shall be able to place an identification mark on means of transport carrying goods in domestic transit.

Article 190. Payment of Customs Duty and Other Taxes of Goods in Domestic Transit and Providing Guarantees

190.1. The Customs shall levy Customs duty and other taxes on goods placed in domestic transit and collect for special account in the State Fund.

190.2. The Customs may demand guarantee to ensure payment of Customs duty and other taxes for goods placed under domestic transit procedure in accordance with the Law on Customs Tariff and Duties.

Article 191. Non-tariff Restrictions for Goods in Domestic Transit

191.1. Goods placed under domestic transit procedure shall not be subject to non-tariff restrictions.

Article 192. Document Required for Domestic Transit

192.1. Goods transported from the frontier Customs to inland Customs, shall be placed under domestic transit upon lodgment of manifest.

192.2. Goods transported from the inland Customs to frontier Customs, shall be placed under domestic transit upon the lodgment of Customs declaration form.

Article 193. Placing Customs Identification Mark on Goods in Domestic Transit

193.1. The Customs shall place Customs identification mark on goods placed under domestic transit procedure.

193.2. Identification mark placed on the goods in the domestic transit shall be most appropriate marking specified in 263.1. of this Law.

Article 194. Transportation of Goods in Domestic Transit along the Customs Route

194.1. Goods in domestic transit shall be transported along the route approved by the Customs.

194.2. Goods placed under domestic transit shall be transported by the carrier authorized by the Customs Headquarters.

Article 195. Registration of Good and Means of Transport

195.1. The Customs shall register goods and means of transport placed under the domestic transit procedure.

Article 196. Termination of Domestic Transit Procedure

196.1. Domestic transit procedure shall be terminated when the goods are carried across the Mongolian frontier or placed under other procedure.

SUB-CHAPTER THREE TRANSSHIPMENT

Article 197. Transshipment

197.1. In accordance with transshipment procedure, goods shall be transshipped the lodgment of the documents from transport mode of entry to transport mode of exit in the Customs examination area of the frontier Customs with no changes to goods concerned.

Article 198. Goods To Be Placed under Transshipment Procedure

198.1. Goods placed under transshipment procedure shall be foreign goods coming from abroad and leaving the country not being transported through the Customs territory.

Article 199. Customs Duty and Other Taxes for Transshipped Goods

199.1. Customs duty and other taxes shall not be levied on the goods placed under transshipment procedure.

Article 200. Non-tariff Restrictions for Goods Placed under Transshipment

200.1. Goods placed under transshipment procedure shall not be subject to non-tariff restrictions.

Article 201. Termination of Transshipment Procedure

201.1. Transshipment procedure shall be terminated when the goods left the country or placed under other procedures.

SUB-CHAPTER FOUR

ABANDONED GOODS

Article 202. Abandoned Goods

202.1. The consignee refused to accept goods which are under Customs control, they shall placed under abandoned goods procedure.

Article 203. Goods To Be Placed under Abandoned Goods Procedure

203.1. Goods placed under abandoned goods procedure shall be sufficient to recover expenses after such goods are sold.

Article 204. Customs Duty and Other Taxes for Goods placed under Abandoned Goods Procedure

204.1. Customs duty and other taxes shall not levied on goods placed under abandoned goods procedure.

Article 205. Non-tariff Restrictions for Goods placed under Abandoned Goods Procedure

205.1. Goods to be placed under abandoned procedure shall not be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

Article 206. Documents Required for Customs Clearance

206.1. For placing goods under abandoned goods procedure, conclusion made by the relevant organization shall be lodged.

Article 207. Termination of Abandoned Goods Procedure

207.1. Abandoned goods procedure shall be terminated when the goods are transferred to the State ownership.

SUB-SUB-CHAPTER FIVE DESTRUCTION OF GOODS

Article 208. Destruction of Goods

208.1. When goods under the Customs control are damaged or perished, do not meet quality requirements upon the conclusion made by the competent agencies as harmful to hygiene, health and environment, they shall be destroyed under the Customs control in an eco-friendly way.

208.2. Goods specified in 8.3. of this Law shall be placed under destruction of goods procedure.

208.3. After destruction of goods in compliance of this procedure, they shall not be possible to be recovered in the original shape.

Article 209. Goods Prohibited To Be Placed under Destruction of Goods

209.1. Goods except those mentioned as follows may be placed under destruction of goods:

209.1.1. goods of historical and cultural value;

209.1.2. endangered species of animals and plants and products thereof (in the instances other than human and animal infectious diseases epidemic)

209.1.3. goods kept as security of payment of Customs duty and other taxes;

209.1.4. properties detained or sealed in accordance with the relevant laws;

209.1.5. other goods prohibited to be destroyed by the Customs legislation.

Article 210. Customs duty and other taxes for Goods to be destroyed

210.1. Customs duty and other taxes shall not be levied on goods to be placed under destruction.

Article 211. Non-tariff Restrictions for Goods Placed under Destruction of Goods

211.1. Goods to be placed under destruction of goods shall not subject to non-tariff restrictions.

Article 212. Cases not allowing Goods To Be Destroyed

212.1. Goods shall not be destroyed if the following conditions occur:

212.1.1. destruction of the goods may pose apparent harm to environment;

212.1.2. destruction of the goods may pose direct or potential threat to human life and public health.

212.2. Goods shall not be destroyed by applying them for their designated use.

Article 213. Documents Required for Customs Clearance

213.1. In order to place goods under destruction, the Customs shall not require any documents other than those provided by the competent authority allowing destruction of goods and where necessary conclusion given by the relevant agency.

Article 214. Termination of Destruction of Goods

214.1. Destruction of goods procedure shall be terminated when the goods are destroyed.

CHAPTER TWELVE SPECIAL PROCEDURES

SUB-CHAPTER ONE STORES

Article 215. Stores

215.1. Goods intended for consumption by the passengers and the crew members on board and goods necessary for the normal operations of means of transport shall be carried across the Customs frontier in stores on the basis of required documents.

Article 216. Goods To Be Placed in Stores

216.1. The following goods shall be placed in stores:

216.1.1. goods necessary for normal operations and maintenance of means of transport;

216.1.2. goods for consumption by the passengers and the crew member on board;

216.1.3. goods placed under the duty free shop for sale on board.

216.2. Fuel and lubricants for domestic means of transport engaged in international transport service shall not be placed under this procedure.

Article 217. Customs Duty and Other Taxes for Stores

217.1. The Customs shall not levy Customs duty and other taxes on goods for stores carried across the Customs frontier.

217.2. If goods are placed under release for home use Customs duty and other taxes shall be refunded.

Article 218. Non-tariff Restrictions for Stores

218.1. Goods placed under stores shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

Article 219. Termination of Store Procedure

219.1. Stores procedure shall be terminated when the goods are consumed.

SUB-CHAPTER TWO

CARRIAGE OF GOODS FOR DIPLOMATIC MISSIONS AND OTHER IDENTICAL ORGANIZATIONS

Article 220. Carriage of Goods for Diplomatic missions and other identical organizations

220.1. The following goods shall be regarded as the goods carried across the Customs frontier for diplomatic missions and other identical organizations:

220.1.1. goods needed for official use by diplomatic representative office of foreign countries and other identical organizations;

220.1.2. personal effects of the Head of diplomatic missions, diplomats and their family members residing in the foreign country;

220.1.3. personal effects of service and technical workers of foreign diplomatic missions and their family members residing in the foreign country;

220.1.4 diplomatic postal items.

220.2. Customs duty and other taxes shall not be levied on the goods specified in 223.1. of the Law and they shall not be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier.

220.3. The Customs examination shall not be conducted for the goods specified in 220.1. if human and animal infectious disease is epidemic or there is a sufficient evidence of proof they are prohibited goods.

220.4. If there is ground specified in 220.3 of this Law, the Customs shall examine goods in the presence of the representative of foreign diplomatic mission.

220.5. The regulation on carriage of goods for diplomatic missions and other identical organizations shall be approved by the Customs Headquarters.

Article 221. Carriage of Diplomatic Postal Items Across the Customs Frontier

221.1. Diplomatic postal items shall be carried across the Customs frontier with no interference.

221.2. If there is sufficient evidence that diplomatic parcels may contain documents and items not intended for diplomatic official use, the Customs may open the diplomatic parcel in the presence of the representative of foreign diplomatic mission.

221.3. Diplomatic posts specified in 221.1 of this Law shall bear an identification mark confirming its content outside of the package.

SUB-CHAPTER THREE INTERNATIONAL POSTAL TRAFFIC

Article 222. Carriage of International Postal Items Across the Customs Frontier

222.1. "International postal item" shall mean letters, parcels and parcels as specified in the Postal Law of Mongolia⁷.

222.2. It shall be prohibited to open postal items, release to the recipients or send abroad without the permission of the Customs.

⁷ The Postal Law of Mongolia, published in 'State Bulletin' in 2003 (21)

222.3. In case when there is an sufficient evidence that parcels contain prohibited goods or upon request of other Customs administrations, the Customs may detain and examine international postal items in transit.

222.4. The regulations on carriage of postal items across the Customs frontier shall be approved jointly by the Cabinet Ministers responsible for Customs and postal matters.

Article 223. Prohibited Items To Be Sent by International Posts and Non- tariff Restrictions for Postal Items

223.1. The following goods and items shall be prohibited to be sent by international posts:

223.1.1. prohibited goods to be carried across the Mongolian frontier;

223.1.2. national and foreign currencies and bonds;

223.1.3. second hand clothes, shoes and bed sheets, which are not disinfected;

223.1.4. dangerous goods such as radioactive, chemical precursor, toxic substances and explosives.

223.1.5. goods perishable, easily spoilt and which require special storage conditions;

223.1.6. other goods prohibited by laws.

223.2. The goods subject to non-tariff restrictions except those prohibited to be carried across the Mongolian frontier by international posts are admitted upon the lodgment of required permissions and licenses by the sender, recipient or their representatives.

Article 224. Customs Clearance of International Postal Items

224.1. The Customs shall clear international postal items with no delay.

224.2. The Customs shall not clear postal items in transit through the Customs territory, but shall control them.

SUB-CHAPTER FOUR PERSONAL EFFECTS OF TRAVELERS

Article 225. Traveler

225.1. "Traveler" means:

225.1.1. any person not residing permanently in Mongolia and temporarily enters and leaves the territory of Mongolia;

225.1.2. any person residing permanently in Mongolia and temporarily enters and leaves the territory of Mongolia.

Article 226. Personal Effects and Means of Transport of Traveler

226.1. "Personal effects of traveler" shall mean:

226.1.1. all articles necessary personal use during the journey;

226.1.2. medicines for personal use;

226.1.3. articles in quantity and value not exceeding the limits permitted to be carried free of Customs duty and other taxes across the Customs frontier in accordance with the Customs legislation.

Article 227. Medicaments for Personal Use

227.1. Medicaments carried by the travelers who are traveling on railway, buses, vessels, aircraft and private means of transport for their own use shall be regarded as medicaments for personal use.

227.2. Medicaments carried by the travelers shall not be regarded as imported goods and import permission shall not be required.

227.3. Medicaments for personal use shall include medicaments for urgent aid /for up to 7 days/ and for long term recovery treatments /for treatment from diabetes, cancer, mental illness and AIDS/.

227.4. The following medicaments shall be prohibited to be carried across the national frontier as medicaments for personal use:

227.4.1. injections;

227.4.2. antibiotic injections,

227.4.3. narcotics;

227.4.4. blood and plasma; and

227.5. immunologic preparations.

Article 228. Special Regulations for Travelers Crossing the Customs Frontier

228.1. The Customs may apply red and green channels for travelers crossing the Customs frontier.

228.2. The traveler shall select the channel for crossing the Customs frontier.

228.3. The traveler may cross through the green channel if he/she do not have goods specified in 8.1. of this Law.

228.4. Officials of diplomatic missions and other identical organizations shall cross the Customs frontier through the green channel.

228.5. Crossing green channel, traveler may not fill out passenger Customs declaration form.

228.6. Signs, notes and explanations concerning red and green channel treatment shall be placed visible to travelers in a hall where the Customs clearance for personal effects and medicines of travelers shall be conducted.

228.7. Personal effects and medicines of travelers crossing through green channel shall be carried across the Customs frontier under the Customs control.

Article 229. Carriage of Traveler's Private Means of Transport Across the Customs Frontier

229.1. "Traveler's private means of transport" shall mean private vehicles registered in country where the traveler resides permanently.

229.2. Traveler's private means of transport shall be carried temporarily across the Customs frontier free of Customs duty and other taxes.

229.3. Spare parts, tools and fuel necessary for maintenance and service for traveler's private means of transport shall be carried across the Customs frontier free of Customs duty and other taxes.

Article 230. Quantity of Traveler's Personal Effects

230.1. The Customs Headquarters shall approve list and quantity of traveler's personal effects to be carried free of Customs duty and other taxes.

PART FIVE FREE ZONE

Article 231. Free zone procedure

231.1. The following goods shall be placed under the free zone procedure:

231.1.1. foreign goods to be admitted to the free zone from abroad;

231.1.2. Mongolian goods in free circulation on the customs territory;

231.1.3. goods placed under other procedures.

231.2. Issues regarding the types, requirements and duties and taxes in the free zone shall be governed by the Law on Free Zone⁸.

PART FOUR CUSTOMS CONTROL

SECTION THIRTEEN CUSTOMS CONTROL

Article 232. General provisions of Customs control

232.1. The Customs shall exercise Customs control.

232.2. Customs control shall be carried out in the Customs territory.

232.3. Regulations on Customs control for goods and means of transport crossing the Customs frontier shall be approved by the Customs Headquarters. Special regulations can be approved taking into account of some special circumstances and types of goods and means of transport.

232.4. Loading, unloading, unpacking, alteration of package of goods under the Customs control and moving means of transport shall only be carried out with the Customs permission.

⁸ The Law on Free Zone, published in 'State Bulletin' in 2002 (27)

232.5. The Customs shall not be responsible for any expenses and losses incurred in connection with loading, unloading, storing or transshipping of goods under Customs control as well as delay of means of transport.

232.6. Customs control can be carried out on board of means of transport whilst in motion.

232.7. Control equipment and detector dogs can be used for Customs control.

232.8. The Customs may use information technology for Customs control.

232.9. The Customs may utilize information network of customers for Customs purposes as the law allows.

232.10. The Customs shall receive information on violations or attempted violations of Customs legislation with or without any charge and treat those information as confidential.

233. Principles of Customs Control

233.1. Customs control shall only be carried out in line with the provisions and regulations specified in legislation.

233.2. Customs Headquarters shall determine Customs control strategy based on the risk assessment system.

233.3. The Customs shall cooperate with other administrations by providing mutual assistance in Customs control.

233.4. On the basis of mutual agreements, Customs joint control can be carried out with other Customs administrations in one of Customs territories.

233.5. In order to ensure effective Customs control, the Customs shall promote cooperation with its clients and stakeholders.

234. Duration control Control for Goods or Means of Transport

234.1. Goods or means of transport crossing the Customs territory shall be subject to Customs control for a period as follows:

234.1.1. for goods imported for home use – from the time goods the territory until the Customs gives a permission to release to free circulation;

234.1.2. for goods or means of transport temporarily imported – from the time goods or means of transport enter the territory until they leave the Customs territory or are placed under other Customs clearance procedure;

234.1.3. for goods and means of transport in international transit – from the time they enter the territory until frontier Customs gives permission to leave Customs territory; where goods or means of transport is in inward transit – from the time they enter the territory until goods or means of transport arrive at the designated inland Customs; where goods or means of transport is in outward transit – from the time goods or means of transport are declared to the inland Customs until frontier Customs gives permission to leave the Customs territory; where goods or means of transport is in domestic transit – from the time goods or means of transport leave inland Customs of departure until they arrive at the inland Customs of destination;

234.1.4. for transshipment of goods – from the time goods enter the territory until they leave the Customs territory;

234.1.5. for goods cleared for outright exportation – from the time goods are declared at Customs until the frontier Customs gives permission to leave the Customs territory;

234.1.6. for goods or means of transport temporarily exported – from the time goods or means of transport are declared to the Customs until the frontier Customs gives permission to leave the Customs territory or are placed under other Customs clearance procedure.

234.2. Goods or means of transport shall be under Customs control while being placed in the Customs bonded zones.

Article 235. Verification of Accuracy of Information of Goods` Released for Free Circulation

235.1. The Customs may verify the accuracy of information of goods in free circulation in order to ensure the compliance with Customs legislation.

235.2. Accuracy of information of goods in free circulation can be verified on following grounds:

235.2.1. gather information for determining Customs control strategy on the basis of risk assessment system;

235.2.2. conduct post clearance audit and recover unpaid duties;

235.2.3. check information on actions regarding violations or attempt to violate legislation.

235.3. Customs officials appointed by the Director General of the Customs Headquarters shall check the accuracy of the information.

234.4. Goods released to the free circulation are subject to examination for the period of up to 5 years.

Article 235. Verification of Authenticity of Information on Goods for Free Circulation

235.1. The Customs shall be entitled to verify the authenticity of information regarding goods for free circulation to ensure implementation of customs legislation.

235.2. The authenticity of information on goods for free circulation shall be verified on the basis of grounds as follows:

235.2.1. gather information for defining the customs control strategy based on risk assessment system;

235.2.2. conduct post-clearance audit and eliminate violations;

235.2.3. to verify information authenticity concerning customs offences and attempted offences;

235.3. A Customs official appointed by the Director General of the Customs Headquarters shall conduct verification of information.

235.4. Goods for free circulation shall be subject to verification for the period of up to 5 years since their entry through the Customs frontier.

Article 236. Customs Control Area

236.1. The Customs shall determine Customs control area.

236.2. Customs control area can be permanent or temporary.

236.3. Goods shall be stored up to 3 days in the Customs control area after entry thereto and if Customs clearance is not completed during this period, goods shall be placed to Customs temporary warehouses.

236.4. If it is not possible to place goods as specified in 238.3. of this Law, goods shall be regarded as being placed to open temporary warehouse. In this case, the Control area shall become a temporary warehouse.

236.5. If it is not possible to conduct Customs examination in the Customs control area, it can be conducted in other places at declarant's expenses.

236.6. Regulations governing the Customs control area shall be approved by the Customs Headquarters.

Article 237. Submission of Documents and Information Required for Customs Control

237.1. The clients shall be obliged to submit the Customs the documents and information required for Customs control.

237.2. The Customs shall request the documents and information required for Customs control to be submitted within the specified timeframe.

237.3. The Customs may request the documents and information required for the Customs control from other persons.

237.4. Declarant, carrier, owner of the Customs bonded zone shall preserve Customs-related documents for five years.

Article 238. Reporting for Customs Control Purposes

238.1. The Customs brokers, carriers, owners of the Customs bonded zones and temporary warehouses shall be obliged to submit reports in accordance with the forms approved by the Customs.

Article 239. Inadmissibility of Unwarranted Damage in the Process of Customs Control

239.1. When exercising their legal duties, the Customs or officers shall not be allowed to take any actions or inactions which may cause unwarranted damage.

239.2. Any unwarranted damages losses caused by the unlawful actions or inactions of The Customs and officers shall be reimbursed by the Customs.

239.3. Customs officers who caused damages to other persons shall be liable in accordance with relevant legislation of Mongolia.

239.4. Any losses caused to persons by Customs officers' lawful actions or inactions to exercise Customs control shall not be reimbursed by the Customs.

Article 240. Types of Customs Control

240.1. Customs control shall have the following types:

240.1.1. verification of documents and information;

240.1.2. verbal declaration;

240.1.3. lodgement of explanations;

240.1.4. Customs surveillance;

240.1.5. outward examination of goods or means of transport;

240.1.6. physical examination of goods or means of transport;

240.1.7. search of persons;

240.1.8. examination at premises, warehouses and areas;

240.1.9. post clearance audit;

240.1.10. other.

240.2. The Customs shall use risk assessment and risk analysis for the Customs control.

Article 241. Verification of Documents and Information

241.1. For the purposes of verification of accuracy and validity of the documents, the Customs shall conduct documentary check.

241.2. The Customs may request additional documents and information for the purpose of verifying the information in Customs declarations and other documents. The Customs shall notify the reasons of requesting additional documents and information in written form or verbally.

Article 242. Verbal declaration

242.1. When exercising the Customs control, Customs officers may request the clients to declare verbally.

Article 243. Lodgment of Explanation

243.1. The Customs and Customs officers may obtain explanations which have special significance for the Customs control in writing the clients.

Article 244. Customs Surveillance

244.1 .The Customs and officers shall keep surveillance on means of transport in motion, loading, unloading and transshipment of goods which is subject to Customs control. Control equipment shall be used in surveillance.

Article 245. Outward Examination of Goods or Means of Transport

245.1. The Customs shall examine outward of goods or means of transport including seals and identification mark for certain types of goods.

245.2. In the Customs zone, the Customs may examine goods or means of transport in the absence of the declarant.

Article 246. Physical Examination of Goods or Means of Transport

246.1. The Customs and officers shall conduct the examination for goods or means of transport after receiving Customs declaration form in order to match.

246.2. The Customs and officer may conduct physical examination prior to the submission of Customs declaration form in order to identify goods to be carried across the Customs frontier or check information on breach of Customs legislation.

246.3. Customs examination can be conducted by choosing in a most appropriate way such as removing seal, opening of goods package, identifying and counting goods which are placed for Customs control.

246.4. Declarant must be present when goods or means of transport are examined. If the declarant is unable to be in presence the carrier may witness the examination.

246.5. The Customs or officer may perform the Customs examination of following goods without the presence of the declarant:

246.5.1. Goods which pose threat to national security, human life, animals, plants and the environment such as explosives, inflammable, psychotropic, radioactive, chemical, biological and hazardous substances, drugs, psychotropic substances and historical and cultural value goods;

246.5.2. International postal items;

246.5.3. Goods to be examined on the basis of the information on potential breach of the Customs legislation.

246.6. If the Customs conducts the physical examination of goods in accordance with the Article 248.5 of this Law, it shall compile on goods examination record in the presence of witnesses.

246.7. The Customs may be re-examined.

246.8. If it is not possible to conduct the Customs examination in the Customs control zone, it can be carried out in the office or private premises, which meet technical requirements approved by the Customs, at the declarant's expenses.

246.9. The Customs shall run the examination of means of transport for international travelers and cargo within their scheduled stop time. Where necessary, upon the decision of head of the Customs, the stop time may be extended.

Article 247. Search of Persons

247.1. Customs officer shall conduct search on a person where there is a sufficient ground or suspicion of a violation or concealment of goods on his/her body as follows:

247.1.1. notify the Head of the Customs on conducting a search;

247.1.2. prior to the search, notify the person in question, remind his/her rights and responsibilities, suggest to lodge concealed items on a voluntary basis;

247.1.3. conduct search in the room which meets sanitary and hygienic requirements and with access of other persons to observe the performance of a search;

247.1.4. Customs officer conducting the search shall be the same sex of a person subject to search and where the same sex officer is unavailable, the search shall be conducted by a medical doctor who is invited for such a purpose;

247.1.5. witnesses shall be present during the search of a person and said witnesses shall be the same sex as a person being searched;

247.1.6. in case when a person subjected to a search is underage or disabled, his/her lawful representative or the person accompanying them shall be in present during a search.

247.2. A person subjected to search as specified in 247.1. shall be entitled to the following rights:

247.2.1. get introduced to his/her rights and obligations;

247.2.2. provide explanations and submit petitions;

247.2.3. examine the record of his/her own search;

247.2.4. speak his/her native language and where necessary to request an interpreter;

247.2.5. lodge complaint in accordance with Law and relevant laws in case his/her lawful rights have been infringed during the search.

247.3. A person subjected to search shall be obliged to obey lawful demands of the Customs officers.

247.4. It shall be prohibited to use during a search methods involving humiliation of the person's dignity, defaming his/her name or damage to the person's health.

247.5. Customs officer shall compile a search record. Customs officer who conducting the search, the person subjected to search and the witnesses thereof shall sign the search record.

Article 248. Examination of premises, warehouses and areas

248.1. The Customs and officers shall examine premises, warehouses and areas where goods are stored as follows:

248.1.1. goods temporarily admitted;

248.1.2. goods preserved in the possession of declarant upon the permission of the Customs;

248.1.3. goods stored in temporary warehouses and Customs bonded zone.

248.2. The Customs and officer shall conduct examinations of premises, warehouses and areas on the basis of the information pertaining to losses of goods or means of transport or violation the Customs legislation.

248.3. For the purposes of verifying the information pertaining goods which entered the Customs territory violating the Customs legislation, the Customs may conduct examinations at the premises, warehouses and areas where goods are brought illegally to places other than those specified in Article 239.1. are sold, possessed or used. In this case, special identification marks may be examined.

248.4. If the owner of the premises, warehouses and areas where goods subjected to the Customs control are preserved refused to be examined, the Customs shall conduct the examination entering such premises, warehouses and territories in the presence of witnesses.

Article 249. Post-clearance audit

249.1. The Customs shall conduct post clearance audit, after goods or means of transport have been cleared and released, for the purposes of verification of the accuracy of information specified in Customs declaration form and other documents and assessment of export and import record of the declarant.

249.2. The Customs and officers have following rights for conducting post clearance audit to:

249.2.1. to demand submission of Customs documents, accounting records, financial and other necessary documents and have an access to database;

249.2.2. to verify, have copies and authenticate documents for audit and demand to provide explanations, inquiries and clarifications;

249.2.3. to have an access to premises, warehouses and areas of receiver, owner and proprietor of goods and any persons related to them, conduct examination or seal goods when deemed necessary;

249.2.4. other rights specified in this Law.

249.3. In the instances when a declarant, receiver, owner and proprietor of goods or means of transport and any persons related to them refuse access to the

premises, warehouses and area or examination, the Customs shall penetrate into such premises, warehouses and areas in the presence of at least two witnesses.

249.4. The Customs may take measures up to temporary freeze of bank accounts of any person in case of non-compliance of requirements of the post clearance auditor, or failure to lodge necessary documents for examination in time and reimburse unpaid duties.

249.5. The Customs officer who conducted the post clearance audit shall record offences proven by the evidence and issue an order to reimburse unpaid duties. In this case, Customs declaration may be recovered and goods cleared.

249.6. The regulations regarding post clearance audit shall be approved by the Customs Headquarters.

Article 250. Controlled Delivery

250.1. On the basis of international treaties of Mongolia or mutually agreed arrangements with Customs or competent authorities of other countries, the Customs may use controlled delivery method for the purposes of repressing illegal trafficking of prohibited and restricted goods and revealing persons involved in the smuggling of such goods under Customs control.

250.2. The regulations on controlled delivery shall be approved by the Cabinet.

Article 251. Detaining Goods or Means of Transport

251.1. Goods or means of transport may be detained, upon the decision of the Customs and officer, for the purposes of obtaining conclusions, analysis, information and enquiry from the specialized organizations and involving relevant organizations and officials in the Customs examination.

251.2. The decisions specified in the Article 253.1. of this Law shall contain information on reasons to detain goods or means of transport, period of seizure and full name of the official who made decision and the copy of such decision shall be provided to the declarant.

251.3. The regulation on detainment of goods or means of transport shall be approved by the Customs Headquarters.

SUB -CHAPTER ONE EXPERT ANALYSIS AND TESTING IN CUSTOMS CONTROL

Article 252. Appointment of experts for conducting the Customs control

252.1. Expert analysis shall be conducted when the Customs control for documents, goods or means of transport requires expertise.

252.2. Expert analysis or testing may be conducted by the Customs laboratory or any specialized organizations or other experts appointed by the Customs.

252.3. Any organizations, public or private shall accept the decision by the Customs on expert analysis and appointment of experts.

252.4. In case when the organization to conduct expert analysis is not state owned, the expert analysis shall be conducted on contractual basis. Costs for expert analysis shall be borne by the declarant.

252.5. The Head of the Customs shall specify, in the resolution to conduct expert analysis, grounds and purposes of such analysis, duration, full name of an expert, name of organization, questions to be answered, list of documents and materials submitted to the expert, conclusions and warning on responsibilities for drawing up wrong conclusion.

252.6. Expert analysis shall be conducted within the following time period:

252.6.1. during the period when goods are stored in temporary warehouse being placed under Customs procedure chosen by declarant upon getting expert conclusion;

252.6.2. up to one month if expert analysis is made for means of transport;

252.6.3. up to three months for other cases.

252.7. Customs management officials shall make decision on conducting the expert analysis for goods or means of transport and notify declarant on that decision.

252.8. The regulations on conducting expert analysis, appointing experts, drawing up conclusions and requirements for experts shall be approved by the Customs Headquarters.

Article 253. Expert's Conclusion

253.1. The expert shall draw up conclusion in writing based on analysis results.

253.2. In expert conclusion, grounds of conducting expert analysis, place, duration, full name of expert or name of organization, questions to be answered, object of analysis, materials and documents, methods of analysis and findings of expert analysis shall be included. The expert may draw up other conclusions not included in the questions to be answered but relevant to said analysis.

253.3. The expert shall attach evidences and other relevant materials and documents which are inalienable part of expert's conclusion.

253.4. The expert who conducted expert analysis and other experts who participated in the said analysis shall sign the conclusion. In case of disagreement, each expert shall provide their own conclusion.

253.5. The Customs shall submit a copy of the expert's conclusion to the declarant.

253.6. The Customs and officer shall take into account of expert's conclusion upon decision making.

Article 254. Additional and Repeated Expert Analysis

254.1. If the expert conclusion is vague or incomplete, additional expert analysis shall be conducted by the expert who conducted the analysis or other expert or organization.

254.2. If the expert analysis is found to be unsatisfactory or doubtful, the Customs shall appoint other expert for repeated expert analysis.

254.3. Relevant provisions of the Article 254 and 255 of this Law shall be adhered for conducting additional and repeated expert analysis.

Article 255. Expert's Rights and Responsibilities

255.1. An expert has the following rights:

255.1.1. examine goods, documents and means of transport for which expert analysis to be conducted;

255.1.2. invite other experts for the expert analysis upon the permission of the Customs,

255.1.3. request necessary for the expert analysis materials, additional information and documents;

255.1.4. refuse to conduct expert analysis;

255.1.5. participate in the certain operation for Customs control upon the permission of the Customs.

255.2. When the expert refused to conduct the expert analysis as specified in 257.1.4 of this Law, he/she shall notify the Customs about such decision in writing.

255.3. Expert shall keep confidentiality of information regarding expert's analysis and conclusion and shall refuse to participate if such Customs operation is related to business of his/her family members or relatives or own property.

Article 256. Taking Samples and Specimens

256.1. For the purposes of Custom control, the Customs and officer may take samples or specimens of goods.

256.2. Taking samples or specimens shall be recorded in accordance with the form approved by the Customs Headquarters. Experts and specialists may be involved in taking samples or specimens.

256.3. The declarant may take samples or specimens upon the permission of the Customs.

256.4. Quantity of samples or specimens shall be to minimum amount sufficient for expert's conclusion and tests.

256.5. When other State agencies or officials take samples or specimens in accordance with the relevant laws, the Customs officials and declarant shall be present.

256.6. The declarant shall be obliged to provide assistance in taking samples or specimens and bear related expenses.

256.7. The regulations on taking samples or specimens, conducting analysis and drawing up conclusion shall be approved by the Customs Headquarters.

Article 257. Specialist's Involvement in Customs Control

257.1. When expertise is needed for activities such as operating equipment for the Customs control, the Customs may invite specialist to participate in the Customs operations.

257.2. Involvement of specialist in the Customs control shall be provided on a contractual basis.

257.3. The specialist has the following rights:

257.3.1. examine materials relevant to his/her involvement;

257.3.2. ask questions regarding the involvement upon the permission of the Customs official;

257.3.3. get introduced to materials and findings of the operation he/she participated and make explanation thereof.

257.4. The specialists have the following responsibilities:

257.4.1. perform his/her duty specified in the contract;

257.4.2. certify his/her involvement in the certain Customs control by signing;

257.4.3. keep confidentiality of information acquired during the involvement in the certain operations of Customs control;

257.4.4. refrain from involvement in the Customs operations if such operation is related to businesses of his/her family members or relatives or own property.

257.5. Costs of the specialists involved in the Customs control upon the initiative of the Customs shall be borne by the State Budget.

Article 258. Involvement of Other State Agencies and Officials in Customs Control

258.1. Other state agencies and officials such as professional examination agencies and police officers may be involved in Customs control in accordance with the relevant legislation.

258.2. The state agencies and officials specified in the Article 260.1 of this Law may conduct control and examination in accordance with relevant legislation along the Customs examination.

**SUB-CHAPTER TWO
ADDITIONAL PROVISIONS ON CUSTOMS
CONTROL**

Article 259. Information on Customs Stakeholders

259.1. In accordance with Law, the Customs shall collect information regarding clients and stakeholders who are engaged in carriage of goods or means of transport across the Customs frontier or involved in foreign trade activities.

259.2. For the purposes of Customs control, levying and collecting Customs duties and other taxes, the Customs shall gather information on business record, assets, location and solvency of the stakeholder and clients.

Article 260. Other Activities Necessary for the Customs Control

260.1. A licensed owners of the temporary warehouses and Customs bonded zones, declarants and carriers shall be responsible for carriage, loading, unloading transshipment, unpacking, repacking, weigh scaling, determination of quantity, fixing good package damages and opening and closing warehouses.

Article 261. Application of Identification Marks on Goods or Means of Transport for Customs Purposes

261.1. Identification marks for Customs purposes /hereinafter, Customs identification mark/ for the goods or means of transport under the Customs control may be effected applying most convenient methods such as seals, stamps, alphanumeric and other markings, special identification marks, stamping shipment documents, commercial and other documents, taking samples or specimens, detailed description of goods or means of transport, photographic images, video recording, sketches and illustrations.

261.2. The Customs or officers shall put Customs identification marks.

261.3. The Customs identification mark may be changed or removed by other persons upon the permission of the Customs if there is a threat to goods or means of transport to be destroyed, lost or damaged or the Customs is unable to apply the Customs identification mark and in this effect such person shall notify the Customs immediately.

261.4. In the instances specified in the Article 263.3. of this Law, if the person is unable to notify the Customs, he/she may change or remove the Customs identification mark in the presence of any competent officials from other relevant Ministries and agencies.

261.5. In the instances specified in the Article 263.3. and 263.4. the person shall file a report in accordance with the form approved by the Central The Customs and shall prove real threats by providing documents issued by the relevant organizations.

261.6. The identification mark specified in the Article 263.1. of this Law shall be as seals and stamps applied the Customs of other countries and they shall be used solely for Customs purposes.

261.7. The regulations on application of identification marks on goods or means of transport carried across the Customs frontier shall be approved by the Customs Headquarters.

SUB-CHAPTER THREE

INTELLECTUAL PROPERTY RELATED GOODS CROSSING THE CUSTOMS FRONTIER

Article 262. Intellectual Property Related Goods Crossing the Customs Frontier

262.1. Works, new works, samples of products and products subject to the intellectual property owned by certified right-holder in accordance with the Law on Copyrights⁹ and the Law on Patent¹⁰, shall be carried across the Customs frontier in instances other than application is submitted as specified in the Article 266 of this Law or unless otherwise specified in other laws.

262.2. The regulations on carriage of goods subject to intellectual property right across the Customs frontier shall be approved by the Customs Headquarters jointly with the Intellectual Property Office.

Article 263. Grounds of Non-Carriage of Goods Subject to Intellectual Property Right

⁹ The Law on Copyrights and related legislation, published in 'State Bulletin' in 2006 (7)

¹⁰ The Law on Patent, published in 'State Bulletin' in 2006 (7)

263.1. The Customs shall take measures not to carry goods under the Customs control and subject to intellectual property rights across the Customs frontier on the basis of the application made by the intellectual property right-holder.

263.2. Measures to be taken by the Customs shall not become obstacle for intellectual property right-holder to protect his/her rights as specified in the legislation of Mongolia.

Article 264. Intellectual Property Right Holder's Application and Its Consideration

264.1. In the instances when the the intellectual property right holder has a sufficient evidence that goods, which violated his/her rights, are carried across the Customs frontier or under the Customs control, he/she may submit application to the Customs to take measures not carry such goods across the Customs frontier.

264.2. The application shall contain following details:

264.2.1. information on the right-holder;

264.2.2. information on the intellectual property objects;

264.2.3. detailed information on the goods that the person submitted the application deems such goods are illegally carried;

264.2.4. determine time term throughout which measures taken by the Customs shall be implemented;

264.3. The application shall be supplemented by the documents, certified by the competent authorities, confirming the person's rights to said object. The right-holder may also attach to the application the goods specimens proving the fact of infringement upon his/her rights.

264.4. The Customs shall accept the application and consider it in accordance with relevant legislation.

CUSTOMS SECTION FOURTEEN

CUSTOMS

Article 265. Customs and Principles of Its Functions

265.1. The Customs is a special state agency responsible for ensuring compliance of the Customs legislation of Mongolia.

265.2. In its activity the Customs shall abide by the principles of supremacy of this Law, respect for human rights and freedom, high professional competence and direct subordination of Customs of lower authorities to those higher authorities.

Article 266. Customs Emblem

266.1. The Customs shall have its own emblem. The regulations on the design and application of the emblem shall be approved by the Customs Headquarters.

Article 267. Organizational Structure of the Customs

267.1. The Customs consists of the Customs Headquarters and affiliated to it customhouses and Customs offices. The Customhouse may have units and branches.

267.2. The Customs Headquarters is a state administrative authority responsible for implementing Customs legislation nationwide. The rules of the Customs Headquarters shall be approved by the Cabinet.

267.3. The Customs Headquarters shall have the Director General and his Deputy.

267.4. The Government of Mongolia shall appoint the Director General of the Customs Headquarters upon the recommendation of the Cabinet Minister responsible for Customs matters and appoint the Deputy Director General upon the recommendation of the Director General of the Customs Headquarters.

267.5. The Customs Headquarters may have its own Customs research and training organization, Customs laboratory, printing shop, information technology center, investment, procurement and service department and a detector dog unit.

267.6. The rules of the customhouses, Customs offices and attached centers and departments shall be approved by the Director General of the Customs Headquarters.

267.7. Research and education activities of the research organization specified in 269.5. of this Law shall be governed by the Law on Science and Technology¹¹ and the Law on Higher Education¹².

Article 268. The Full Power of the Customs Headquarters

268.1. The Customs Headquarters shall exercise the following power:

268.1.1. implement the Customs legislation nationwide and ensure its compliance;

268.1.2. introduce proposals on Customs matters and to make decision in accordance with the legislation;

268.1.3. determine Customs control strategies on the basis of risk assessment;

268.1.4. formulate and implement Customs Development Program;

268.1.5. regulate activities of customhouses and Customs branches, provide professional management and create conditions for normal operations;

268.1.6. develop rules, regulations and directions specified in this Law regarding carriage of goods or means of transport across the Customs frontier;

268.1.7. compile foreign trade statistics and conduct analyses;

268.1.8. establish national commodity code in line with the Harmonized Commodity Description and Coding System;

268.1.9. set up customhouses and Customs offices for declaring goods at clearance;

268.1.10. plan human resource demand of the Customs and manage deployment of human resource;

268.1.11. consult and provide information on Customs matters and support training employees of Customs stakeholders;

¹¹ The Law on Science and Technology, published in 'State Bulletin' in 2006 (4)

¹² The Law on Higher Education, published in 2002 (19)

- 268.1.12. enhance international cooperation of the Customs;
- 268.1.13. prevent Customs offences;
- 268.1.14. accept and resolve petitions and complaints on Customs matters;
- 268.1.15. other powers specified in this Law.

Article 269. Mission Statement of the Customs

269.1. The Customs shall perform the following principle functions:

269.1.1. administer and enforce the Customs legislation and ensure compliance;

269.1.2. control goods or means of transport crossing the Customs frontier;

269.1.3. clear goods, levy, assess and collect Customs duties and other taxes and exercise control;

269.1.4. advance Customs data processing system and protect and secure confidentiality of database;

269.1.5. compile the Customs statistical data on foreign trade;

269.1.6. educate public on Customs legislation and Customs related data;

269.1.7. prevent repress Customs offences and impose penalties specified in this Law;

269.1.8. conduct internal control of the Customs;

269.1.9. protect intellectual property rights as specified in this Law.

Article 270. Rights of the Customs

270.1. The Customs shall have the following rights:

270.1.1. demand and examine documents and information for the Customs purposes in accordance with Law ;

270.1.2. use vehicles and communication devices owned by other persons in case when the Customs own vehicles and communication devices are not available for use;

270.1.3. make claims and complaints to the Court on Customs matters;

270.1.4. other rights specified in this Law.

Article 271. Full Powers of Top Management of the Customs

271.1. The Director General of the Customs Headquarters shall exercise the full powers as follows:

271.1.1. provide daily management for administration of Customs activities;

271.1.2. enact, within his/her power rules, regulations and directives granted by the Customs legislation enforceable nationwide;

271.1.3. participate in formulating Customs policy and to organize enforcement of tariff and non-tariff restrictions;

271.1.4. draft of international agreements for Mongolia concerning Customs matters, sign them when authorized by the Government of Mongolia and ensure the compliance with commitments arising thereof;

271.1.5. take measures for preventing and combating Customs offences in compliance with the Customs legislation;

271.1.6. cooperate with the stakeholders and clients to enhance the efficiency of Customs control;

271.1.7. accept and investigate petitions and complaints and make decision within his/her competence;

271.1.8. establish, re-organize or dissolve customhouses, Customs offices and branches;

271.1.9. determine the territories of the competence of the customhouses and Customs offices and restrict them to certain types of goods or means of transport or Customs procedure;

271.1.10. appoint or discharge, redeploy or relocate and suspend their official powers and promote officers to managerial and executive officers;

271.1.11. reward the Customs officers and recommend to the Government awards;

271.1.12. authorize the Customs officers or suspend their powers or impose disciplinary measures;

271.1.13. allocate budget and assets of the Customs;

271.1.14. represent at court or arbitration and defend Customs property rights and its other legal interests;

271.1.15. conduct control on assessment, collection and payment of Customs duty and other taxes;

271.1.16. conduct control on foreign trade payment for the Customs purposes;

271.1.17. issue Customs certification for participants of the Customs activities who has fulfilled the requirements determined by the Customs Headquarters in accordance with international standards to simplify and ensure security of international trade;

271.1.18. other rights specified in this Law.

271.2. In the absence of the Director General of the Customs Headquarters the Deputy Director General shall exercise his powers.

Article 272. Cooperation of Customs with Other Ministries and agencies

272.1. For the purposes of implementing operational objectives specified in the Articles 292 and 293, the Customs shall cooperate with other Ministries and agencies.

272.2. The Customs may authorize execution of duties other than conducting the Customs Control by other Ministries and agencies in accordance with the relevant laws.

Article 273. Customs officer

273.1. The Customs officer is the Customs officer who has rights and responsibilities to conduct Customs control and examination in accordance with the Customs legislation.

273.2. The Customs officer belongs to the government special service employees.

273.3. The Director General of the Customs Headquarters shall be a Customs Chief Officer of Mongolia.

273.4. The Customs officer shall, when he/she is awarded a title of Customs officer, take an oath saying that "I, the Customs officer, swear to devote myself to safeguarding the sovereignty and economic security of Mongolia and when carrying out the Customs control and examination to honor law and justice, strictly observe codes of conduct of Customs officer and not be biased. And breaking my oath is worth of a statutory punishment".

273.5. The Customs officer shall be a Mongolian national with higher education and certain knowledge of foreign language and completed the specialized training on Customs operational activities.

273.6. The regulation on requirements and procedures on examination to recruit persons for the position of the Customs officer shall be approved by the Customs Headquarters.

Article 274. Right and Responsibilities of the Customs officer

274.1. The Customs officer has, in addition to the rights specified in this Law on Civil Service¹³, the following rights:

274.1.1. conduct the Customs control and the Customs clearance for goods or means of transport carried across the Customs frontier in accordance with Law ;

274.1.2. for the purposes of enforcing the Customs legislation to request any nationals or officials, to abide by his/her lawful requirements;

274.1.3. have an access to premises or warehouses owned by any economic entities or organizations, search and make up an inventory, and audit or check books and accounts of economic entities in connection with the Customs clearance;

274.1.4. demand documents, explanations and enquiries relevant to the Customs control and examination form relevant persons;

¹³ The Law on Civil Service, published in 'State Bulletin' in 2002 (28)

274.1.5. seize temporarily documents and records, which prove the duty evasion of goods, from taxpaying economic entity, organization or individuals or make duplication of such documents and records;

274.1.6. have an access to the closed frontier zones when performing official duty;

274.1.7. impose penalties for administrative offences violated the Customs legislation in accordance with the Law.

274.2. The Customs officer has the following responsibilities, in addition to the responsibilities specified in this Law on Civil Service:

274.2.1. be loyal to his/her oath, be vigilant while conducting the Customs control and examination, to keep state, organizational and personal secrets and not to disrepute personal reputation;

274.2.2. not to infringe state, organizational or personal legal interests and abuse his/her position while conducting the Customs control and the Customs clearance;

274.2.3. inform the relevant agencies or officials about illegal actions or inactions violating Customs legislation;

274.2.4. participate in professional training;

274.2.5. abide by the Code of conduct for the Customs officer;

274.3. The Customs officer shall be re-located for the period up to two years in the Customhouses and Customs offices.

274.4. The Code of Conduct of the Customs officer shall approved by the Customs Headquarters.

Article 275. Activities Prohibited for the Customs officer

275.1. Following activities, in addition to the activities specified in this Law on Civil Service, are prohibited for the Customs officer such as:

275.1.1. be a member of political party;

275.1.2. conduct the Customs control and the Customs clearance for goods or means of transport carried across the Customs frontier by his/her family members or cousins or participate or influence such activities;

275.1.3. demand information other than specified in this Law, cause inconvenience for persons and discriminate by creating advantages for other persons;

275.1.4. conduct the Customs control and the Customs examination on cases not relevant to his/her official duty.

Article 276. Uniforms and Signs of Distinction

276.1. The Customs officer shall use uniform and signs of distinction and shall be provided by dress supply.

276.2. The regulations on standard design, wearing and utilization period of uniform and use of signs of distinction by the Customs officer shall be approved by the Customs Headquarters.

276.3. It shall be prohibited for any other organizations or individuals to use uniform or signs of distinction of the same design as that for a Customs officer.

Article 277. Special Devices and Techniques of Fighting of the Customs Body

277.1. The Customs officer while performing his/her official duties may use the following special devices or techniques of fighting:

277.1.1. individual special device for fighting;

277.1.2. special devices forcing means of transport to stop;

277.1.3. self-defense special device;

277.1.4. sambo, karate, etc., unarmed fighting techniques; and

277.1.5. detector dogs.

Article 278. Using Special Devices and Techniques of Fighting

278.1. The Customs officer may use special devices or techniques of fighting in following instances:

278.1.1. an attack to the Customs officer may cause a harm to his/her life or health;

278.1.2. lawful demand of a Customs officer are deliberately not met or forcefully resisted; and

278.1.3. during the journey to deliver goods or means of transport under Customs control or confiscated or taken into custody from one Customs office to another or other appropriate agency.

278.2. The special devices forcing means of transport to stop may be used in the following instances:

278.2.1. moved means of transport without Customs permission when the Customs examination is not accomplished; and

278.2.2. moved means of transport attempting to escape from the Customs control and examination in order to smuggle goods.

278.3. In the instances when using special devices or techniques of fighting coursed harms to personal life or health, the Customs officer must take measures to render prompt medical assistance and inform a head of the appropriate Customs office about the case, and the latter shall keep a public prosecutor informed to this effect.

278.4. The list of special devices and instructions of their usage and storage specified in 277.1 of this Law shall be approved by a Director General of the Customs Headquarters upon consultation with the Prosecutor General.

Article 279. Classification of Posts Held by the Customs officers

279.1. The posts held by the Customs officers shall be classified as follows:

279.1.1. the post of leading officer;

279.1.2. the post of principal officer;

279.1.3. the post of senior officer;

279.1.4. the post of executive officer; and

279.1.5. the post of assistant officer.

279.2. The post of leading officer shall be held by a Director General of the Customs Headquarters.

279.3. The posts of principal officers shall be held by a Deputy Directors General of the Customs Headquarters.

279.4. The posts of senior officers shall be held by heads of divisions of the Customs Headquarters and directors of Customhouses.

279.5. The posts of executive officers shall be held by senior executive officers of the Customs Headquarters, directors/heads of units or centers of the Customs Headquarters, deputy directors of the Customhouses and heads of Customs offices, Customs units or branches.

279.6. The posts of assistant officers shall be held by the Customs officers.

Article 280. Ranks of Customs officers

280.1. Each post of Customs leading, principal, senior, executive or assistant officer shall have ranks of first, second, third and fourth grades.

280.2. A rank for a Customs leading officer shall be granted to by the President of Mongolia; ranks for Customs principal officers shall be granted by the Prime-Minister of Mongolia; and ranks for senior, executive and assistant officers shall be granted by the Customs Headquarters.

280.3. In granting ranks, duration of civil service, years of service in the particular post, qualification and ethical level shall be taken into consideration.

280.4. The regulation on granting ranks and subsistence allowances to the Customs officers shall be approved by the State Great Hural when the Cabinet introduces the issue.

280.5. The Customs officer shall be entitled to receiving a quarterly performance remuneration and regulation on granting remuneration shall be approved by the Cabinet.

280.6. The Customs officer who detected smuggling or attempted smuggling of goods and means of transport through the Customs frontier, or detected a number of offences worth substantial amount in a inter-related or organized and hidden manner, or contributed substantial amount to the revenue by detecting offences shall be awarded remuneration and amount of such reward and regulation on remuneration shall be approved by the Cabinet.

Article 281. Honors of the Customs officer

281.1. The following honors may awarded to the Customs officer:

281.1.1. Customs Attorney General;

281.1.2. Customs Attorney; and

281.1.3. Customs Adviser.

281.2. The regulation on awarding the honors and amount of the subsistence allowances shall be approved by the Customs Headquarters.

Article 282. Guarantees for the Legal Rights of the State Customs Examineor

282.1. The State shall ensure guarantees and conditions for the Customs officer to perform his/her duty in an independent and fair manner.

282.2. The Customs shall not require the Customs officer to perform any duties or tasks other than his/her legal responsibilities.

282.3. When any ministry or agency evaluates official performance of the Customs officer, it shall, in order not interrupt normal Customs operations, notify the respective Head of Customs to this effect in advance.

282.4. The State shall protect the Customs officer and his/her family members from any illegal attacks which may cause threats and harms to their personal life and health with regard to his/her performance of professional duties.

282.5. Financial aid equivalent with his/her 3 years salary shall be granted to the retired Customs officer who had more then 25 years of continuous service with the Customs with achievement.

282.6. The Customs officer is entitled to the following aids:

282.6.1. when temporarily disabled, differences between his/her basic salary and pension granted during a length of time for his/her rehabilitation;

282.6.2. when became handicapped, differences between his/her basic salary and disability pension;

282.6.3. when had an artificial body part, the charges for its replacement;

282.6.4. when hospitalized, medical charges in excess to his/her health insurance expenses;

282.6.5. when disabled for a long term, one time grant equivalent to his/her basic annual salary; and

282.6.6. when lost his/her life due to an attack made in connection with performance of his/her official duties, one time grant equivalent to his/her three years basic annual salary.

282.7. Family members of the Customs officer who is working at the national frontier of Mongolia shall be provided by an employment in the first priority or otherwise their health and retirement insurances shall, for a length of time during their unemployment, be paid on the basis of minimum wage rates approved by the Cabinet which is effective in force at the time.

282.8. The Customs officer who performs his/her duty along the national frontier is entitled to frontier allowances. The regulation on granting the frontier allowances shall be approved by the Cabinet.

282.9. The Customs shall grant preferential loans or where necessary loan guarantees for officers, who has continuous service with the Customs with achievement, for building their private houses, buying such houses, apartments or necessities, and, when they want to study, paying their tuition fees as well as their children's tuition fees.

Article 283. Wage and Salary of the Customs officer

283.1. Wage of the Customs officer shall consist of a basic salary and supplementary allowances for holding the official post under exceptional circumstances, length of service for government, ranks and honors and educational degrees.

283.2. The regulations on granting allowances to a Customs officer for holding the official post under exceptional circumstances, length of civil service, and educational degrees and their amount specified in 283.1 of this Law shall be approved by the Cabinet.

Article 284. Disciplinary Measures for Customs officer

284.1. The Customs officer who has violated the Customs legislation or his/her oath shall be subject to the following disciplinary measures:

284.1.1. warning;

284.1.2. lower a level of the rank for a period of up to 1 year;

284.1.3. decrease level of a post for a period of up to 3 months;

284.1.4. reject a title of the Customs officer; and

284.1.5. dismiss from the Customs service.

284.2. The disciplinary measures specified in 284.1. of this Law shall be imposed depending on the nature of the misconduct and may not be used by sequence.

284.3. The disciplinary rules of the Customs officer shall be approved by the Cabinet.

284.4. Heads of the Customhouses and Customs offices attached to the Customs Headquarters may impose disciplinary measures specified in 284.1.1 and 284.1.2 of this Law.

Article 285. Providing premises for the Customs

285.1. The Customs shall operate in the state-owned premises. For the purposes of conducting the Customs activities, it may use state-owned premises in other's possession free of charge on the basis of a contract.

285.2. Management of administrative and territorial units shall provide, in accordance with the legislation, plots of land and communication, electricity and heating supply, without any inconvenience, for the Customs which is conducting Customs activities in their territory for ensuring its normal operations.

Article 286. Location of Customs Offices and Operating Hours

286.1. The Customs Headquarters shall determine location of the Customs offices and working hours taking into account the needs to promote international trade.

286.2. Working hours of the Customs offices at the frontier and the international airport shall be determined in accordance with working hours of the respective frontier port.

286.3. In the instances when the Customs clearance is unable to be conducted within the time period specified in 25.1 of this Law, by the decision of the Head of the Customhouse or the Customs office, the Customs officer may

perform his duties outside the working hours and overtime wage shall be paid to him/her in accordance with the Law on Employment¹⁴.

Article 287. Financing of the Customs

287.1. The Customs shall be financed from the State Budget and the State shall ensure economic security of conducting operation.

SUB-CHAPTER ONE

APPLICATION OF INFORMATION TECHNOLOGY AT CUSTOMS

Article 288. Application of Information Technology at Customs

288.1. The information system, network and information technology may be used in the Customs activities, for the purposes of exchanging data in electronic form and ensure their reliability.

288.2. The information system, network and information technology specified in 288.1 of this Law shall be in compliance to the national and international information and communication standards.

288.3. The state-owned information system, network and information technology shall be used free of charge for the Customs operation and any other information system, network and information technology with other ownership shall be used on the basis of contract.

Article 289. Customs Operational Database

289.1. The database of the Customs operation shall consist of Customs statistical data specified in the Article 13 of this Law, information and documents provided by the declarant to the Customs in accordance with this Law and information and documents accumulated by the Customs.

289.2. Information and documents of the Customs database specified in 289.1. of this Law may be in a form of electronic and paper version.

289.3. Any economic entity, person and organization may request information in any form from the Customs database specified in 289.1 of this Law. The regulation specified in the Article 15 shall be complied for giving information.

¹⁴ The Law on Employment, published in 'State Bulletin' in 1999
(25)

289.4. The Customs Headquarters shall specify issues regarding creation of the Customs database specified in 289.1 of this Law and its utilization and documentation of contents of the database in accordance with this Law and other laws.

**SECTION 6
CUSTOMS OFFENCES AND PENALTIES**

**CHAPTER 15
CUSTOMS OFFENCES AND LIABILITIES**

Article 290. Liabilities

290.1. Customs officials shall be liable for their unlawful decisions and inactions in line with legislation regarding disciplinary, criminal and other legal sanctions.

290.2. The person who violated the Customs Law shall be subject to following disciplinary sanctions unless the case is qualified as criminal:

290.2.1 In case if goods are not declared or misdeclared, goods are imported or exported beyond Customs control and frontier ports, or goods are concealed, their types, forms and packages are altered, Customs documents are tampered or forged, or smuggling or attempted smuggling of restricted goods does not qualify a criminal offence, the goods concerned shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected and an individual responsible for shall be liable to a fine of 10000 – 30000 togrogs, or an economic entity or organization responsible for shall be subject to a fine of 100000 – 150000 togrogs;

290.2.2. Smuggling or attempted smuggling of restricted by non-tariff methods goods using the method as specified in 290.2.1 of this Law does not qualify a criminal offence, the goods concerned shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected and an individual responsible for shall be liable to a fine of 30000 – 50000 togrogs, or an economic entity or organization responsible for shall be subject to a fine of 150000 – 250000 togrogs;

290.2.3. If the misuse of Customs data processing system by a person does not qualify a criminal offence an individual and economic entity responsible for shall be liable to a fine of 30000-50000 togrogs and 200000-250000 togrogs respectively plus to compensation of caused damage;

290.2.4. For non-compliance with declaration rules approved by the Customs Headquarters a person concerned shall be liable to a fine of 10000 – 30000 togrogs or an economic entity or organization responsible for shall be subject to a fine of 50000 – 100000 togrogs in case if this non-compliance has no relation to offences specified in provisions 290.2.1 and 290.2.2 and Article 293 of this Law;

290.2.5. For moving, loading, unloading or transshipping goods under Customs control without Customs permission, an individual responsible for is liable to a fine of 10000 – 30000 togrogs, or an economic entity or organization responsible for is subject to a fine of 50000 – 100000 togrogs in case if this has no relation to offences specified in 290.2.1 of this Law;

290.2.6. For release of goods placed under Customs control without Customs permission, the Customs duty and other taxes payable in respect of goods concerned shall be collected and an officer or official responsible for is liable to a fine of 50000 – 100000 togrogs;

292.2.7. carrier not complying with its obligations provided for in 38.2. of this Law shall be liable to a fine of 50000 – 100000 togrogs;

292.2.8. If a Customs broker or declarant does not fulfill their obligations or violate Customs legislation or misused their power specified in legislation he/she shall be liable to a fine of 10000-30000 togrogs or an economic entity or organization responsible for is subject to a fine of 100000 – 250000 togrogs. In case of repeated violations as specified in 108.1 of the Law the declarant or Customs broker shall be liable to a fine of 150000-250000 togrogs;

290.2.9. For alteration of addresses of goods under Customs control, intentional break, destruction or change of Customs seals without Customs permission, an individual responsible is liable to a fine of 10000 – 30000, or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.10. Where a violation of Customs control area regime is not connected to smuggling of goods or means of transport, an individual responsible for is liable to a fine of 10000 – 30000 togrogs, or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.11. For violation of Customs clearance procedures provided for in 78.1. of this Law, an individual responsible for is liable to a fine of 10000 – 30000 togrogs, or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.12. Where goods or means of transport temporarily crossing the Customs frontier is not returned back within a specified timeframe, the Customs duty and other taxes payable shall be collected on the basis of Customs legislation and exchange and tariff rate effective at that particular time, and a person guilty shall be liable to a fine of 30000 – 50000 togrogs or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.13. Where goods or means of transport entered the Customs bonded zones or Customs special zones are lost or destroyed without Customs permission, the Customs duty and other taxes payable shall be collected on the basis of Customs legislation and exchange and tariff rate effective at that particular time, and a person guilty shall be liable to a fine 10000 – 30000 togrogs or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.14. For non-compliance with lawful requirements made by a Customs officer in connection with performance of official duties, or failure to comply with them in time, an individual responsible is liable to a fine of 10000 – 30000 togrogs, or an economic entity or organization is subject to a fine of 50000 – 100000 togrogs;

290.2.15. Where any insult, slander, threat or use of force towards a Customs officer on duty does not qualify a criminal offence, a person committing such an offence is liable to a fine of 50000 – 150000 togrogs;

290.2.16. Where an alteration or forgery of Customs related documents does not qualify a criminal offence and has no relation to a Customs offence specified in 290.2.1. and 290.2.2 and in the Article 293 of this Law, the individual is liable to a fine of 30000 – 50000 togrogs or an economic entity or organization is subject to a fine of 100000 – 250000 togrogs;

290.2.17. If an economic entity or organization failed to provide the Customs with needed data or reports on a timely basis or misreported they are subject to a fine of 50000 – 100000 togrogs;

290.2.18. Where misdeclaration occurred in order to get unlawful refund of the Customs duties and other taxes does not qualify as criminal offence, refunded duties and other taxes shall be reimbursed and an individual shall be liable to a fine of 30000 – 50000 togrogs or an economic entity or organization shall be subject to a fine of 150000 – 250000 togrogs.

CHAPTER 16

Article 291. Use of Goods or Means of Transport as Place for Concealment

291.1. Where goods are used for smuggling other goods concealed in them, the goods used as concealment place shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected.

291.2. Where an owner of means of transport found guilty in using it as a concealment place by deliberately constructing it with an intention to smuggle goods, the means of transport concerned shall be confiscated, or if it is impossible to confiscate it, the sum equal to its price shall be collected.

Article 292. Termination of Rights of Customs Certified Specialist

292.1. Rights of the Customs certified specialist shall be terminated in case of repeated violations as specified in 290.2.8. of this Law.

Article 293. Evasion from Payment of Customs Duties and Other Taxes

293.1. Where evasion of payment of Customs duties and other taxes by way of intentional misdeclaration of value or volume of goods, Customs procedure, goods description, types, designation, classification code, origin of goods, or alteration or change of Customs-related documents does not qualify as criminal offence the individual or economic entity shall be subject to liabilities specified in the Articles 74 and 75 of the Taxation Law.

293.2. If the offence specified in 293.1 occurred unintentionally the individual or economic entity shall be subject to liabilities specified in the Articles 74 and 75 of the Taxation Law.

293.3 Where goods exempt or relieved from Customs duties and other taxes are used for other purposes or lost, Customs duties and other taxes payable shall be collected and a fine equal to an amount of duties and taxes shall be imposed in accordance with existing Customs legislation, tariff rate and exchange rate which are valid at the time of offence was detected and a fine equal to 50% of an amount of payable duties and taxes shall be imposed.

Article 294. Failure to Pay Duties and Taxes in Time

294.1. Where there is a failure to pay Customs duties and other taxes in time, an interest equal to 0.3% of total unpaid duties and taxes shall be imposed

each day of such failure. The interest in this case does not refer to 'loss' as specified in the Civil Law¹⁵.

Article 295. Freezing Bank Accounts or Putting Seal on Property

295.1. Upon the decision of Director of Customhouse or Branch, the price of goods or means of transport referred to in Articles 290.2.1, 290.2.2 and 291 or duties or taxes and fines referred to in provisions 293.1, 293.2 and in the Article 294 of this Law shall be drawn from bank accounts of the person concerned without recourse to remedy, or bank accounts shall be frozen or the property equivalent to an amount due to the Customs shall be sealed.

Article 296. Settlement of Customs Offences

296.1. Administrative settlement of Customs offences specified in this Law shall be governed by Law and other related legislation.

296.2. If there were committed several Customs offences or repeated offences each offence shall be subject to liabilities as specified in this Law. No duplication of liabilities shall be imposed on offences.

Article 297. Claim of Seized Goods and Means of Transport as State property

297.1 The goods and means of transport seized by the Customs because of violation of Customs legislation shall be sold and proceeds of sales shall be transferred to state revenue.

297.2. If the Customs Headquarters or Court proves the non-involvement of seized goods or means of transport in Customs offence they shall be returned or their price shall be reimbursed. When the goods or means of transport are returned, the Customs duties and other taxes shall be paid and in case of price reimbursement the Customs duties and other taxes shall be deducted by the Customs.

297.3. In case of return of goods and means of transport as specified in 297.2 of this Law, customs duties and other taxes shall be refunded and related taxes and fees shall be deducted upon repayment.

297.4. The rules regarding the claim of seized goods and means of transport as state property shall be approved by the Cabinet.

¹⁵ The Civil Law published in 'State Bulletin' in 2002 (7)

Article 298. Disposal of goods upon expiry of storage duration

298.1. If storage time for goods kept in Customs temporary warehouse or Customs bonded zone expires or an owner abandons the goods during the clearance, the Customs shall sell those goods and proceeds shall be state revenue.

298.2. If the owner requests to get the goods specified in 298.1. of this Law within 6 months after the goods were sold the price of the goods shall be reimbursed upon deduction of duties, other taxes, storage fees and other charges.

298.3. The rules regarding the sales of seized goods and means of transport shall be approved by the Customs Headquarters.

Article 288. Entry into Force of this Law

299.1. This Law shall enter into force from the 1st Day of July 2008.

D. Lundeejantsan

SPEAKER

OF THE STATE GREAT KHURAL