



LAW OF MONGOLIA

June 29, 2006
Ulaanbaatar

EXCISE TAX **/Revised version/** **/Unofficial translation/**

Article 1. Purpose of the law

1.1. The purpose of this law is to regulate relations concerning imposition of excise tax on certain domestic and imported goods, special purpose technical devices and equipments used for quizzes and gambling activities, and individuals and legal entities that conduct these activities and transference thereof to the budget.

Article 2. Legislation

2.1. The legislation on excise tax shall comprise the General Taxation Law,¹ this law, and other legal acts enacted in conformity with them.

Article 3. Excise taxpayer

3.1. Individuals and legal entities that import goods, domestically produce and sell goods, or conduct quizzes and gambling activities subject to excise tax under this law shall be excise taxpayer.

Article 4. Goods and activities subject to excise tax

4.1. The following goods shall be subject to excise tax:

- 4.1.1. All types of alcoholic beverages;
- 4.1.2. All types of tobacco;
- 4.1.3. Gasoline and diesel fuel; and
- 4.1.4. Automobiles

4.2. Excise tax shall be imposed on physical units of special purpose technical devices and equipments used for quizzes and gambling, and activities of individuals and legal entities that conduct such activities.

¹ The General Taxation Law was published in Issue 1, 1993, Gazette 'State Information'

Article 5. Physical units subject to excise tax

5.1. Imposition of excise tax on goods specified in paragraph 4.1 of this law shall be based on the following physical units:

No	Title and type of goods subject to excise tax	Physical unit subject to excise tax
1	All types of alcoholic beverages	1 liter
2	Cigarettes and similar tobacco	100 pieces
3	Pipe tobacco and similar bulk tobacco	1 kg
4	Gasoline and diesel fuel	1 ton
5	Automobile	1 piece

5.2. Imposition of excise tax on goods produced in the territory of Mongolia shall be determined on the basis of total physical units of goods sold by a producer.

5.3. In case of the goods subject to excise tax are transferred or donated free of charge or used by an individual or legal entity for personal use, such goods shall be considered sold and be subject to excise tax.

5.4. Imposition of excise tax on special purpose technical devices and equipments specified in paragraph 4.2 of this law shall be based on the following physical units:

No	Title and type of goods subject to excise tax	Physical unit subject to excise tax
1	Gaming table or roulette	1 piece
2	Slot machine	1 piece
3	Cashier or totalize that provides results of gambling	1 piece
4	Bookmaker center for estimating the bets	1 piece

Article 6. Excise tax rate

6.1. Excise tax shall be imposed on physical units of goods specified in subparagraphs 4.1.1 and 4.1.2 of this law and those of domestically produced gasoline and diesel fuel at the following rates:

No	Title and type of goods subject to excise tax		Physical unit	Excise tax rate (converted to USD)		
				Domestic goods		Imported goods
1	Spirits for food	Sold to distillery producers	1 liter	1.00		-
		Sold to others	1 liter	10.00		-
2	All types of alcohol beverages	Up to 25 percent	1 liter	Aimag	Capital city	5.00
		25 to 40 percent	1 liter	2.00	2.00	
				4.00	4.00	
40 percent and	1 liter	9.00	9.00	12.00		

		more			
3	Mongolian milk alcohol distilled using a production method		1 liter	0.20	-
4	All types of wine	Up to 35 percent	1 liter	0.50	1.50
		35 percent and more	1 liter	4.50	6.00
5	All types of beer		1 liter	0.20	0.20
6	Cigarettes and other similar tobacco		100 pieces	2.40	2.40
7	Pipe tobacco and other similar bulk tobacco		1 kg	1.80	1.80
8	Gasoline	Up to 90-octane	1 ton	0-11.00	-
		90-octane and more	1 ton	0-12.00	-
9	Diesel fuel		1 ton	0-15.00	-

/Second subparagraph of this paragraph was amended by the law dated on November 30, 2007/

/Eighth and ninth subparagraph of this paragraph was amended by the law dated on May 22, 2008/

/First subparagraph of this paragraph was amended by the law dated on March 12, 2009/

/Fifth subparagraph of this paragraph was amended by the law dated on March 12, 2009 and this amendment was terminated and proceeded previous subparagraph by second resolution of the constitutional court of Mongolia on May 27, 2009/

/Sixth and seventh subparagraph of this paragraph was amended by the law dated on March 12, 2009/

/Second subparagraph of this paragraph was amended by the law dated on September 11, 2012/

/Sixth and seventh subparagraph of this paragraph was amended by the law dated on September 11, 2012/

6.2. Excise tax shall be imposed on gasoline and diesel fuel specified in subparagraph 4.1.3 of this law at the following rates based on point of import at frontier posts:

No	Border posts	Excise tax rate (by tugrugs)		
		Gasoline (amount of octane determined by an analytical method)		Diesel fuel
		Up to 90-octane	90-octane and more	
1	Tsagaannuur, Yarant, Borshoo, Artssuuri, Tes, Burgastai, Gashuun Sukhait, Shivee Khuren, Bayan Khoshuu, Bichigt and Khavirga	0-215'000	0-217'000	0-221'000
2	Khankh and Ulikhan Maikhan	0-223'000	0-229'000	0-226'000

3	Sukhbaatar, Zamyn-Uud, Ereentsav, and Altanbulag	0-252'000	0-259'000	0-265'000
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/This paragraph was amended by the law dated on May 22, 2008/

/First, second and third subparagraph of this paragraph was amended by the law dated on January 16, 2009/

6.3. In the case of an automobile specified in subparagraph 4.1.4 of this law is imported, excise tax shall be imposed at the following rates based on period following the production year and volume of engine cylinders:

No	Volume of engine cylinder (cm ³)	Excise tax rate (converted to USD)			
		Period following the production year (in years)			
		0-3 years	4-6 years	7-9 years	10 years and over
1	1500 and below	500	1,000	2000	6,000
2	1501-2500	1,500	2,000	3000	7,000
3	2501-3500	2,000	2,500	4000	8,000
4	3501-4500	4500	5000	6500	10500
5	Over 4501	7000	7500	9000	13000

/This paragraph was amended by the law dated on November 25, 2011 and shall enter into force on January 1, 2012/

6.4. Excise tax shall be imposed on special purpose technical devices and equipments specified in paragraph 4.2 of this law at the following rates:

No	Title and type of goods subject to excise tax	Excise tax rate per physical unit (converted to USD, per month)
1	Gaming table or roulette	80,000
2	Slot machine	3,000
3	Cashier or totalize that provides results of gambling	80,000
4	Bookmaker center for estimating the bets	80,000

6.5. Excise tax equal to USD 25,000 per month shall be imposed on activities of individuals and legal entities that conduct quizzes and gambling activities using an electronic network, internet, or cellular telephone network.

6.6. Imposition of excise tax shall be based on the official exchange rate of USD against MNT set by the Bank of Mongolia on that day.

6.7. Excise tax rates on gasoline and diesel fuel shall be determined by Government within range of limits specified in Articles 6.1 and 6.2, depending on a business sector's specifics.

/This paragraph was added by the law dated on May 22, 2008/

/This paragraph was added by the law dated on September 11, 2012/

Article 7. Excise tax exemption

7.1. The following goods are exempted from excise tax:

7.1.1. Goods specified in paragraph 4.1 of this law produced in the territory of Mongolia and exported;

7.1.2. Mongolian milk alcohol distilled in household conditions using a simple means for personal consumption;

7.1.3. Snuff tobacco;

7.1.4. Duty-free alcohol and tobacco for passenger's personal use as authorized by the Customs Authority;

7.1.5. Hybrid automobiles;

7.1.6. Liquid gas automobiles;

/This paragraph was added by the law dated on June 24, 2010/

7.1.7. Electric automobiles

/This paragraph was added by the law dated on June 24, 2010/

Article 8. Imposition and payment of excise tax to the budget

8.1. The customs authority shall impose excise tax on imported goods at each point of import at the Mongolian border and transfer the tax income to the treasury account.

8.2. A taxpayer shall pay the tax imposed on goods other than spirits produced in the territory of Mongolia in advance within the 25th of each month.

8.3. A taxpayer shall submit the excise tax report on goods produced in the territory of Mongolia to the taxation authority on monthly basis by the 5th of the following month.

8.4. Excise tax imposed on spirits sold by distillery producers shall be paid to the budget within 2 working days.

8.5. A document with uniform numbering shall be issued to buyers when spirits produced in the territory of Mongolia are sold. Format of the document shall be approved by the administrative authority in charge of taxation.

8.6. The excise tax paid on the spirits used for alcohol and wine produced and sold in the territory of Mongolia shall be deducted from excise tax imposed on the alcohol and wine based on the document specified in paragraph 8.5 of this law.

8.7. The excise tax imposed on bulk tobacco imported as a raw material used for the cigarettes produced and sold in the territory of Mongolia shall be deducted from the excise tax imposed on such cigarettes.

8.8. A taxpayer shall submit a monthly update on changes in types and quantity of taxable physical units specified in paragraph 5.4 of this law to a corresponding tax authority by the 10th of the following month. The tax authority shall record the changes in

the taxpayer registration certificate and impose taxes due in that month retrospectively on newly installed devices and equipments.

8.9. A taxpayer that conducts activities specified in paragraphs 6.4 and 6.5 of this law shall pay the tax due in the month within the 25th of each month in advance and submit the report to the tax authority within the 10th of the following month.

8.10. Excise tax on gasoline and diesel fuel imported for creating company reserve shall be imposed in accordance with the Government decision which states company name, required size of reserve of gasoline and diesel fuel and replacing period of reserve on a day of sale of these products for the purpose of renewing the reserve.

/This paragraph was added by the law dated on December 21, 2007/

8.11 Imposition of excise tax on gasoline and diesel fuel imported by the companies holding special license on production and wholesale of oil products except for creation of company reserve, shall be postponed 30 days if imported gasoline and diesel fuel amount equals to 30 day consumption of Mongolia.

/This paragraph was added by the law dated on December 21, 2007/

8.12 Regulation on payment to budget of taxes specified in Article 6.7 of this law shall be approved by Government member in charge of Finance and budget.

/This paragraph was added by the law dated on September 11, 2012/

Article 9. Entry into force

9.1. This law enters into force as from January 1, 2007.

9.2. Paragraphs 4.2, 5.4, 6.4, 6.5, 8.8, and 8.9 of this law enter into force as from August 1, 2006.

SPEAKER OF THE STATE GREAT HURAL OF MONGOLIA

NYAMDORJ. TS