



LAW OF MONGOLIA

20 May 2008

Ulaanbaatar

GENERAL LAW ON TAXATION

Revised version/
/Unofficial translation/

CHAPTER ONE General Provisions

Article 1. Purpose of the Law

- 1.1. The purpose of this Law is to establish legal grounds for introduction, establishment, imposition, reporting, payment, control and collection of taxes in Mongolia, to define rights, duties and liabilities of taxpayers and tax authorities and to regulate relations arising between them.

Article 2. Tax Legislation

- 2.1. The tax legislation shall comprise of the Constitution of Mongolia, this Law and other legislative acts enacted in conformity therewith.
- 2.2. Unless the International treaties of Mongolia stipulate otherwise than tax legislation of Mongolia, the provisions of international treaties shall prevail.

Article 3. Introduction, Amendment, Exemption and Annulment of Taxes

- 3.1. The Parliament of Mongolia shall have the sole right to introduce, amend, discount, exempt and annul taxes by law.
- 3.2. Relations pertaining to introduction, amendments, exemptions, discounts, imposition and payment of taxes shall be regulated by the Tax Law only, except for cases stipulated below:

- 3.2.1. Establishment of a special tax regime in a free zone;
- 3.2.2. Establishment of a regime to maintain current tax conditions in a stability or investment agreement to be concluded by the Government with investors within amounts and limitations of the right provided by legislation that are effective at the time of conclusion of the agreement.

Article 4. Definition of legal terms

4.1. For the purposes of this Law, these terms have the following meaning:

4.1.1. “transferred income” refers to cashless transfer of payment for work or services rendered by individuals and legal entities on a contract basis to the individual or entity itself or to others at their request.

4.1.2. "termination of tax payment liability due to invalidation of law on certain type of tax" refers to invalidation of the law on tax of type in question by the Parliament and completion of the term for tax settlement;

4.1.3. “electronic tax documents” refers to set of documents developed, stored, sent or received in an electronic form and certified with digital protection signature in compliance with tax legislation;

4.1.4. “Digital signature” refers to determination specified in subparagraph 4.1.2 of the Law on Electronic signature. */This paragraph was amended by the law dated on December 15, 2011/*

4.1.5. “integrated database of tax registration and information” refers to set of software, information and data created, collected, received, developed and stored under the synchronized documents , integrated classification, codes, standards and methodology”.

4.1.6. “tax withholder” refers to an entity in charge of imposing and withholding taxes on income earned by taxpayers in compliance with the tax law and obligated to transfer it to the state or local budget;

4.1.7. “tax report” refers to a tax report of legal entities and a report sheet of individuals that defines their income taxes developed electronically or in writing;

4.1.8. “legitimate excuses” shall refer to:

- 4.1.8.a. being sick;
- 4.1.8.b. undergoing medical treatment;
- 4.1.8.c. caring for a patient;
- 4.1.8.d. working on business assignment abroad and locally;
- 4.1.8.e. undertaking training;
- 4.1.8.f. being on public mobilization;

- 4.1.8.g. to be imprisoned in zone of public quarantine due to serious contagious disease;
- 4.1.8.h. sudden fire and natural dangers or force majeure (flood, drought, zud, dangerous snow and dust storms, earthquake, etc.).
- 4.1.9. “exerted resistance” shall refer to following actions carried out in relation to performing official duties of the state tax inspector:
 - 4.1.9.a. hit;
 - 4.1.9.b. kicked;
 - 4.1.9.c. pushed;
 - 4.1.9.a. splashed with any substances;
 - 4.1.9.d. exerted physical resistance;
 - 4.1.9.e. threatened;
 - 4.1.9.f. verbally insulted;
 - 4.1.9.g. frightened;
 - 4.1.9.h. intimidated;
 - 4.1.9.i. and any other deliberate acts of exerting pressure.

CHAPTER TWO

Taxes of Mongolia

Article 5. The Tax composition

- 5.1. Taxes of Mongolia shall comprise of taxes, fees and payments (hereinafter referred to as "taxes").
- 5.2. Tax is monetary capital imposed on income, property, goods, work and services of individuals and legal entities in accordance with legislation according to certain amounts and rates established for certain period of time and contributed to the state and local budget without repayment.
- 5.3. Taxes shall comprise of direct and indirect taxes.
- 5.4. Direct taxes shall be established in direct proportion to total income, profit and property of individuals and legal entities.
- 5.5. Indirect taxes shall be established on certain types of goods and services regardless of results of operations of individuals and legal entities.
- 5.6. Fees shall mean monetary capital that is paid to state and local budgets for the service provided by relevant state organizations to individuals and legal entities in conformity with legislation;

- 5.7. Payment shall mean monetary capital taken from individuals and legal individuals for use of the state property, subsoil, mineral wealth, forest, plants, mineral spring and water resources, pollution of air, water and soil, and animal hunting and concentrated in state and local budgets, and special funds.
- 5.8. Mongolian tax shall be imposed and paid by Mongolian currency - tugrug. */This paragraph was added by the law dated on March 12, 2009/*

Article 6. Taxable Items

- 6.1. Taxable items shall include income, property, goods, work, services, certain rights, land, its sub-soil, natural wealth, mineral resources; and air, soil and water pollution.

Article 7. Tax Types and Classifications

- 7.1. Taxes shall be classified into tax types and relations pertaining to certain types of taxes shall be governed by this law and a tax law of the given tax type.
- 7.2. Certain types of taxes shall pertain to any one of state or local taxes.
- 7.3. The following taxes, rates of which are established by the Parliament and Government and commonly enforced on territory of Mongolia shall be classified as state taxes:
- 7.3.1. economic entities income tax;
 - 7.3.2. customs duty;
 - 7.3.3. value-added tax;
 - 7.3.4. excise tax;
 - 7.3.5. tax on petroleum and diesel fuel;
 - 7.3.6. royalty;
 - ~~7.3.7. /This subparagraph was invalidated the law dated on October 30, 2009/~~
 - 7.3.8. fees for mineral exploration and mining licenses.
 - ~~7.3.9. /This subparagraph was invalidated by the law dated on June 9, 2011/~~
 - ~~7.3.10. /This subparagraph was invalidated by the law dated on June 9, 2011/~~
 - ~~7.3.11. /This subparagraph was invalidated by the law dated on June 9, 2011/~~
 - ~~7.3.12. /Энэ заалтыг 2011 оны 06 дугаар сарын 09-ны өдрийн хуулиар хүчингүй болсонд тооцсон/~~
 - 7.3.13. Payment on air pollution. */This subparagraph was added by the law dated on June 24, 2010/*

- 7.3.14. State stamp duty specified in paragraph 11.2 of the Law on State stamp duties.
/This subparagraph was added by the law dated on June 24, 2010/
- 7.4. The following taxes, rates of which are established by the Parliament, Government, the Citizens Representative Assembly of province capital city, soum or district to be concentrated in local budgets or enforced in local areas shall be classified as local taxes:
- 7.4.1. individual income tax;
 - 7.4.2. income tax of individuals engaged in work and services, income of which cannot be immediately determined;
 - 7.4.3. immovable property tax;
 - 7.4.4. State stamp duty other than those specified in subparagraph 7.3.14 of this law.
/This subparagraph was added by the law dated on July 16, 2009/, /This subparagraph was amended by the law dated on June 9, 2011/
 - 7.4.5. water and spring water charges;
 - 7.4.6. tax on auto and self-propelling vehicles;
 - 7.4.7. charges on permit to use of natural resources other than minerals;
 - 7.4.8. charges on use of natural plants;
 - 7.4.9. charges on use of commonly occurring minerals;
 - 7.4.10. charges on use of hunting reserves, hunting permit fees;
 - 7.4.11. land charges;
 - 7.4.12. charges on procurement and use of wood fuel and timber from forest;
 - 7.4.13. gun duty;
 - 7.4.14. capital city tax;
 - 7.4.15. tax on dogs;
 - 7.4.16. tax on inheritance and gifts.

Article 8. Establishing Tax Rates

- 8.1. Tax rates shall be established by the Parliament, or the Government and Citizens Representative Assembly of province or capital city as authorized by the Parliament in accordance with legislation.
- 8.2. State Great Khural shall establish rate of taxes other than those specified in paragraphs 8.4-8.6 of this law. */This subparagraph was added by the law dated on July 16, 2009/, /This subparagraph was amended by the law dated on June 9, 2011/ /This paragraph was amended by the law dated on December 23, 2011/*
- ~~8.3.~~ */This subparagraph was invalidated by the law dated on June 9, 2011/*
- 8.4. The Government shall establish rate of payment on air pollution specified in subparagraph 7.3.13 of this law and the Law on air pollution; and the rate of tax specified in paragraph 6.2 of the Law on State Stamp Duties according to the limit approved by the State Great Khural. */This paragraph number was amended by the law dated on July 16, 2009/, /This paragraph was amended by the law dated on June 24, 2010/, /This*

paragraph was amended by the law dated on June 9, 2011/, /This paragraph was amended by the law dated on December 23, 2011/

- 8.5. The Citizens Representative Khural of the capital city and aimags shall define rate of taxes those specified in subparagraphs 7.4.2-7.4.6, 7.4.8, 7.4.10-7.4.14, 7.4.16 of this law and specified in paragraph 6.3 of the Law on State stamp duties according to the limit approved by the State Great Khural. */This paragraph number was amended by the law dated on July 16, 2009/, /This paragraph was amended by the law dated on November 25, 2010/, /This paragraph was amended by the law dated on June 9, 2011/, /This paragraph was amended by the law dated on December 23, 2011/*
- 8.6. The Citizens Representative Khural of the capital city and aimags shall establish rate of taxes those specified in subparagraphs 7.4.7 and 7.4.15 of this law. */This paragraph was added by the law dated on December 23, 2011/*

Article 9. Forms of Providing Tax Discounts and Exemptions

- 9.1. Taxpayers shall be provided tax discounts or exemptions in the following forms in accordance with legislation:
- 9.1.1. reducing taxes imposed;
 - 9.1.2. reducing tax rates;
 - 9.1.3. exempting from taxes on income, property, goods, works and services below established minimum;
 - 9.1.4. exempting taxpayers from taxes;
 - 9.1.5. exempting from taxes certain parts of taxable items;
 - 9.1.6. other discounts provided by legislation.

Article 10. Termination of Tax Payment Obligation, Transfer Thereof to the Others

- 10.1. In the following cases, the obligation of the tax payment is considered to terminate:
- 10.1.1. The specific tax law is canceled;
 - 10.1.2. The specific tax is fully paid;
 - 10.1.3. The taxpayer is fully exempt from the specific taxes;
 - 10.1.4. The taxpayer had died or is considered to have died;
 - 10.1.5. The taxpayer legal entity has been liquidated.
- 10.2. Obligation to pay taxes along with any related rights of a taxpayer who had died or is considered to have died shall transfer to the taxpayer's heir.
- 10.3. Any unpaid or deficient taxes along with any related rights of a re-organized legal entity shall be transferred to a legal entity formed as a result of the re-organization. If the taxpayer legal entity was reorganized by separating, the tax payment obligation shall transfer to them based on taxable items.
- 10.4. The liquidation commission in case of liquidation and the claimants committee in case of a bankruptcy of the legal entity shall ensure payment of unpaid or deficient taxes from

property of the legal entity in accordance with the law and pay to the budget in accordance with article 7 of this law.

Article 11. Period for Tax Dispute Settlement

- 11.1. Time for imposition of tax in arrears, fines and penalties shall be five years. The timeframe for dispute settlement specified in the Civil Code ^[2] of Mongolia does not pertain to tax legislation.
- 11.2. Dispute settlement timeframe shall not pertain to payment of tax, fine and penalty debts.
- 11.3. Start of the timeframe for dispute settlement specified in 11.1 of this law shall be established as follows:
 - 11.3.1. for taxes, reports of which are filed and paid once at the end of the year according to the tax law, from the following business day of the day when the tax report must have been filed and taxes paid as specified by the law on the given type of tax;
 - 11.3.2. for taxes, reports of which are filed and paid on monthly and quarterly basis according to the tax law, from the following business day of the day when the tax report must have been filed and taxes paid at the end of December or the year as specified by the law on the given type of tax;
 - 11.3.3. for taxes paid in deductibles and taxes payable after sales within certain period of time according to the law, from the following business day of the day when the tax report for the given tax type must have been filed.
 - 11.3.4. for taxes payable without issuing a tax report, from the following business day of the day when the tax must have been paid according to the tax on the given type of tax.
- 11.4. The period for tax dispute settlement shall end on the day when the Tax Authority delivers a notice specified in Article 54 of this Law, and start anew from thereon.
- 11.5. If the taxpayer ceases his operations or is liquidated, the period for tax dispute settlement shall start from the day the operations stopped.
- 11.6. The period for dispute settlement of taxes, fees and penalties uncovered and imposed during a tax audit shall start on the day the act executed by the state tax inspector came into force.

CHAPTER THREE Taxpayer, Rights and Duties Thereof

Article 12. Taxpayer

- 12.1. Taxpayers shall be individuals and legal entities who assume the obligation to pay taxes by providing works and services, engaging in employment, earning income, property and goods taxable by tax legislation, as well as exploiting land, its subsoil, natural wealth and mineral resources, and polluting air, water and soil.
- 12.2. Taxpayer individuals and legal entities shall be specifically defined by the law on tax of the given type.

Article 13. Taxpayer Registration

- 13.1. Individuals and legal entities who assume the duty of paying taxes and withholding taxes in accordance with the tax law shall register with tax authority as taxpayers.
- 13.2. Unless otherwise provided by legislation, a newly established legal entity shall open a file and register with local tax authority within 14 days as a taxpayer of receiving a certificate from a registering organization.
- 13.3. Owner or holder of taxable items other than income shall open a file and register with local tax authority as a taxpayer within one (1) month of owning or holding this item, unless otherwise specified by legislation.
- 13.4. The tax authority shall assign a registration number to every taxpayer and tax withholding individual and legal entity, open a file for each and store the following documents and information in the file:
 - 13.4.1. taxpayer individual's family name, parents' names, given name, registration number, certificate or book number, home address, telephone number;
 - 13.4.2. taxpayer legal entity's name, address, brief introduction of management members, pictures, civil identification card numbers;
 - 13.4.3. date the legal entity registered as a taxpayer, field of operations;
 - 13.4.4. certified copy of the report that reflects immovable property evaluation, land ownership status, amount of fixed and working assets, number of employees;
 - 13.4.5. names and number of investors and branches, their locations, addresses and telephone numbers;
 - 13.4.6. names and types of taxes payable by the taxpayers, their bank account details;
 - 13.4.7. copies of balance sheets, acts and notices;
 - 13.4.8. requisitions, notices, violations acts, reports and directives of audits conducted by the tax authority on the taxpayer;
- 13.5. The taxpayer shall notify the local tax authority within 20 working days of transferring his ownership right to others by selling or presenting as a gift immovable property;

- 13.6. Unless otherwise specified by legislation, the taxpayer shall notify the tax authority every time any changes made to the state registration certificate and his personal file within 20 days and have these changes reflected in the registration and personal file.
- 13.7. Tax paying and tax withholding entities must reflect their taxpayer registration numbers assigned by the tax authority in all reports, information, customs declarations, payments and other necessary documents issued in accordance with the law.
- 13.8. Failure to be registered as a taxpayer shall not relieve of the duty to impose, pay and withhold taxes, and liability related thereto.
- 13.9. Taxpayer registration procedure shall be approved by the National Tax Authority.

Article 14. Respecting Taxpayer Rights and Legal Interests

- 14.1. The tax authority and state tax inspectors shall respect taxpayers' rights and legal interests, and exercise trust when carrying out their plenary rights.
- 14.2. The tax authority and state tax inspectors shall be prohibited from interfering with activities of taxpayers except for auditing tax imposition and payment, determining imposition of taxes, monitoring tax payments and collecting taxes as specified by the law.
- 14.3. The tax authority, state tax inspectors and other employees of the tax authority shall be obligated to keep confidentiality of taxpayers' confidential information defined by the Law on Individual Confidentiality^[3] and the Law on Organizational Confidentiality^[4] that was made available to them when carrying out their official duties. This information may be made available only to the following civil servants by resolution of the Chief of the Tax Authority:
 - 14.3.1. state tax inspectors, other employees of the tax authority carrying out their official duties in accordance with tax legislation;
 - 14.3.2. registrars, investigators, prosecutors and judges who assumed the duty of inspecting, monitoring and resolving violations of tax legislation, on issues related to the violation only;
 - 14.3.3. authorized employees of state tax authorities of other countries in accordance with duties assumed under international treaties of Mongolia.
- 14.4. Information and facts permitted by law shall be made available based on written consent of the taxpayer only, in cases other than those specified in 14.3 of this Law.
- 14.5. The tax authority may publicly publish information about a taxpayer who has been proven to violate the tax legislation, evade tax payments or is being sought after, without the permission specified in 14.4 of this Law.

Article 15. Serving Taxpayers

- 15.1. The tax authority and state tax inspectors shall provide the following services to taxpayers to assist them with their duty to pay taxes specified by legislation:
 - 15.1.1. to explain and introduce the tax legislation;
 - 15.1.2. to provide with instructions, methodology, handbooks and forms related to compliance with the tax legislation, defining tax duties and issuing reports and information;
 - 15.1.3. to organize training on tax legislation, instructions and methodology;
 - 15.1.4. to facilitate conditions for taxpayers, in groups or individually, to obtain advice on matters related to performing their tax duties, to provide the advice;
 - 15.1.5. to publish articles and organize promotions, trainings and informative programs targeted for the public via public media outlets and the tax administration website.

Article 16. Providing Professional Advice to Taxpayers

- 16.1. Relations of a certified and registered consultant to provide services to taxpayers on performing their tax duties defined by the legislation and protecting their legal interests shall be regulated by the law.

Article 17. Taxpayer Rights

- 17.1. Taxpayers shall exercise the following rights:
 - 17.1.1. to obtain information and advice related to implementing the tax legislation and exercising taxpayers' rights and performing their duties, as well as tax imposition, payment and reporting procedure, methodology and forms from the tax authority and state tax inspectors;
 - 17.1.2. to enjoy tax discounts and exemptions as provided by the tax legislation;
 - 17.1.3. to extend period for payment of taxes in accordance with legislation;
 - 17.1.4. to obtain refund or be entitled to deductions on overpaid taxes, to claim late penalty;
 - 17.1.5. to protect his legal rights and interests personally or through a legal representative or certified consultant; to be present during tax audits;
 - 17.1.6. to review acts, conclusions and other documents issued by the tax authority, if considered groundless or illegal, file a complaint in accordance with administrative and court procedures within 30 days after the review;
 - 17.1.7. to obtain or provide explanations on results of tax imposition, payment, monitoring and audits;
 - 17.1.8. to demand compliance with tax legislation from the tax administration and state tax inspectors, to be entitled to compensation for any loss and damage incurred due to illegal decisions and actions of the tax authority in accordance with regulations specified by the law;
 - 17.1.9. to file complaints on illegal operations and decisions of the tax authority and tax inspectors to their direct supervising authority, higher up authority or the court.

Such filing of the complaint shall not relieve the taxpayer from paying taxes, fines and penalties imposed;

17.1.10. to obtain assistance and advice from legal tax consultants on exercising taxpayer's rights and duties as provided by tax legislation;

17.1.11. other rights provided by the legislation.

Article 18. Taxpayer Duties

18.1. The taxpayer shall have the following duties:

18.1.1. to accurately declare his taxable items and pay the taxes on time;

18.1.2. to provide calculations, information and reports related to imposition and payment of taxes to the tax authority on time;

18.1.3. to conduct bookkeeping and accounting in accordance with established procedures and accounting standards, and issue reports and statements on financial and economic activities;

18.1.4. in case of violation of tax legislation, to fulfill requirements imposed by the tax authority on eliminating the violations;

18.1.5. to sign inspection acts and conclusions of the tax authority in case of acceptance, if not, to provide an explanation in writing to the tax authority that carried out the inspection within 10 working days;

18.1.6. to accurately impose and withhold taxes on labor wages and transferred income to be provided to others and pay to the budget on time;

18.1.7. to notify the tax authority about acquiring a license to engage in legally permitted productions and services from a relevant state administrative body and have it registered within 10 days of obtaining the license in the taxpayer's book;

18.1.8. to use a cash register machine that complies with standards of Mongolia;

18.1.9. to provide the tax authority with documents on transfer of taxable property and rights to others;

18.1.10. to prevent others from using names, addresses, stamps, seals, the state registration certificate, checking and personal accounts, and signatures thereby providing opportunity to evade taxes;

18.1.11. to notify the local tax authority each time a license acquired from relevant authorities is leased or sold to individuals and legal entities;

18.1.12. to notify the tax authority every time a bank account is opened or closed;

18.1.13. to provide financial and other documents necessary for tax audits as requested by the tax authority and state tax inspectors, to be subjected to tax audits;

18.1.14. other duties as prescribed by the legislation.

CHAPTER FOUR Mongolian National Tax Administration

Article 19. Structure of the National Tax Administration

- 19.1. The National Tax Administration shall be comprised of the General department of taxation, tax departments and offices of the capital city, aimags and districts; and tax units in soums, and state tax inspectors. */This paragraph was amended by the law dated on December 19, 2008/*
- 19.2. The State administrative body in charge of taxation is permitted to establish units responsible for state budget revenue and audit, training, registration, information, and media within its organization. */This paragraph was amended by the law dated December 19, 2008/*
- 19.3. Tax Dispute Resolution Committee (hereinafter called “Dispute Resolution Committee”) under the State administrative body in charge of taxation and Tax offices of the capital city and aimags shall be established in order to resolve disputes between taxpayers and tax administration, and its procedures shall be approved by the Government. */This paragraph was amended by the law dated on December 19, 2008/*

Article 20. Symbol of the tax authority

- 20.1. Tax administration shall have its own emblem, and its design and regulation on its usage shall be approved by the Head of the state administrative body in charge of taxation. *(This paragraph was amended by the law dated on December 19, 2008.)*

Article 21. Rules of the national tax authority

- 21.1. The Government shall approve the rules of the national tax authority.

Article 22. Functions of the national tax authority

- 22.1. The National Tax Administration shall exercise the following functions:
- 22.1.1. To ensure implementation of tax legislation, provide taxpayer with information and advice, organize training and promotions;
 - 22.1.2. To supervise implementation of tax legislation;
 - 22.1.3. To build up tax revenue of state and local budgets.

Article 23. Principle of Work of the National Tax Administration and State Tax Inspectors

- 23.1. The National Tax Administration and state tax inspectors shall respect the law, rights and legal interests of taxpayers, avoid being influenced by others. Lower level organizations shall be under direct governance of higher level organizations.

Article 24. Ensuring principles for the national tax administration and state tax inspectors to respect the law and avoid being influenced by others

- 24.1. The national tax administration and state tax inspectors shall avoid being influenced by others and be governed only by the law and other legislative acts enacted in conformity with it when exercising their plenary power.
- 24.2. Individuals, legal entities and officials shall be prohibited from being involved in operations of and exerting pressure on the tax administration and state tax inspectors when carrying out their official duties. The tax administration and tax inspectors shall file a complaint with a relevant organization for settlement on entities that violate this provision.
- 24.3. Entities other than those authorized by the law shall be prohibited from making decisions related to plenary power of the tax administration and state tax inspectors.
- 24.4. Entities other than those authorized by the law shall be prohibited from assuming responsibility on issues related to tax imposition, discounts and exemptions.
- 24.5. Individuals and legal entities shall comply with methodology, instructions and regulations issues in conformity with the legislation by higher tax authorities in relation to ensuring complete implementation of the tax legislation nationwide.

Article 25. Ensuring principles of respecting rights and legal interests of taxpayers

- 25.1. The tax administration and state tax inspectors shall comply with article 14 of this law and ensure principles of respecting rights and legal interests of taxpayers.

Article 26. Budget of the national tax administration

- 26.1. Operations and investment cost of the national tax authority shall be financed from the budget.

Article 27. Management of Tax Administration and its plenary power

- 27.1. The National Tax Administration shall have a unified and central management.
- 27.2. The state administrative body in charge of taxation shall operate under the supervision of the Government member in charge of finance and fiscal matters, capital city and [aimag](#) tax departments and offices under the supervision of the state administrative body in charge of taxation, district tax offices and soum tax inspectors under the supervision of Capital city and aimag tax department and offices *(This paragraph was amended by the law dated on December 19, 2008)*.
- 27.3. The state administrative body in charge of taxation shall provide activities of the all levels of tax administration with professional and methodical guidance, and budgetary funds; and monitor their activities. *(This paragraph was amended by the law dated on December 19, 2008)*.

- 27.4. The Head of the state administrative body in charge of taxation shall appoint and release Head of Tax Administration of the Capital city, aimags and districts upon consultation with the Governor of its respective level. *(This paragraph was amended by the law dated on December 19, 2008).*
- 27.5. The Head of the state administrative body in charge of taxation and heads of tax administration of the capital city, aimags and districts shall be appointed based on competitive selection in accordance with Article 17.1 of the public service legislation among qualified state tax inspector with background of finance, economy and accounting; and working experience in tax administration no less than 3 years. *(This paragraph was amended by the law dated on December 19, 2008).*
- 27.6. The Head of the state administrative body in charge of taxation shall be a Chief state tax inspector, and shall exercise the following power in addition to the powers of state tax inspector specified in paragraph 29 of this law. *(This paragraph was amended by the law dated on December 19, 2008):*
- 27.6.1. To provide implementation of plenary power of the National Tax Authority and state tax inspectors with organizational management and funds, to oversee their operations;
 - 27.6.2. To enact regulations, instructions and methodologies for public compliance to implement this law and other tax legislation, issue recommendations within scope of rights provided by this law and other tax legislation;
 - 27.6.3. To provide, suspend and void the state tax inspector's right, to impose disciplinary fines;
 - 27.6.4. To issue resolutions within scope of plenary power granted by the tax legislation;
 - 27.6.5. To participate in drafting tax legislation, to develop, present and introduce proposals on methods, forms and possibilities for the tax department to implement them to the Government and the Parliament;
 - 27.6.6. To provide proposals on international treaties on preventing tax evasion and avoiding double taxation on income and property;
 - 27.6.7. To review, amend and void acts, conclusions and other decisions made by state tax inspectors within scope of law;
 - 27.6.8. To review, approve, change or annul decisions of the dispute resolution committee under the state administrative body in charge of taxation; *(This paragraph was amended by the law dated December 19, 2008).*
 - 27.6.9. To appoint, dismiss, transfer, shift, award and provide incentives to employees of the national tax administration;
 - 27.6.10. To have the right of disposal of the budget and funds of the national tax administration.

Article 28. Plenary rights of the State Tax Administration

- 28.1. The State Tax Administration shall have the following plenary rights:

- 28.1.1. To organize work to ensure full compliance with the tax legislation on territory of Mongolia;
- 28.1.2. To serve taxpayers by providing them with methodologies, instructions, information and advice to comply with the tax legislation;
- 28.1.3. To organize work of ensuring whether taxpayers accurately and completely report their legally payable tax deductions and make timely payments;
- 28.1.4. To provide tax discounts and exemptions to taxpayers in accordance with the tax legislation;
- 28.1.5. To collect independent data on taxpayers, establish a database, and to use it for tax audits and collection activities;
- 28.1.6. To impose taxes in accordance with the law on taxpayers whose income and expenditures are impossible to determine due to failure to maintain bookkeeping and accounting registers;
- 28.1.7. To temporarily suspend withdrawals from checking accounts of legal entities who failed to pay their taxes on time until such taxes are paid;
- 28.1.8. To carry out tax debt settlements and tax collection activities in accordance with regulations stipulated in this law;
- 28.1.9. To roll over overpaid taxes to the next month, quarter, year or refund within 10 days of the payment if the taxpayer requests so;
- 28.1.10. To impose legal liability on taxpayers who have evaded payment of taxes, fines and penalties, failed to provide tax information, reports and other documents necessary for tax audits on time, and take measures to eliminate violations detected in the process of tax audits;
- 28.1.11. To modify or void decisions made by state tax inspectors and lower level tax administration if considered groundless;

~~28.1.12.~~ /This subparagraph was invalidated by the law dated on December 27, 2012/

- 28.1.13. To obtain information, research and other relevant documents necessary to maintain tax control from individuals and legal entities free of charge;
- 28.1.14. To provide electronic services;
- 28.1.15. To carry out electronic audits.

28.2. The tax administration shall file claims with the court on the following issues:

- 28.2.1. To temporarily suspend economic activities of taxpayers who have repeatedly and seriously breached the tax legislation until such violations are eliminated;
- 28.2.2. To sequester taxpayers' income earned by engaging in production and services prohibited by the law;
- 28.2.3. To sequester taxpayers' income earned by engaging in production and services allowed by the law but without holding appropriate permits;
- 28.2.4. To sequester taxpayers' income earned by engaging in illegal actions or under invalid contracts and agreements;
- 28.2.5. Taxpayers who have obstructed performance of duties of state tax inspectors, made protests, discriminated in relation to their duties, infringed upon their health and lives and caused damages;

28.2.6. And other issues provided in the legislation.

Article 29. Plenary power of state tax inspectors

29.1. State tax inspectors shall exercise the following plenary powers:

- 29.1.1. To inspect tax imposition, taxes payable, accounting reports, journals, drafts and other financial documents, to obtain explanations and clarifications, to establish violations and write up acts, conclusions and other relative documents;
- 29.1.2. To obtain copies of certificates and documents, and bank transaction statements necessary for tax audits from economic entities, organizations, individuals and financial organizations that correspond with taxpayers free of charge;
- 29.1.3. To temporarily cease, seal documents and property from the taxpayer that prove concealment of taxable items, to collateralize property for the purpose of tax debt settlement;
- 29.1.4. To access the taxpayer's warehouse and quarters (regardless of the location) used to earn income, or where taxable items, accounting and other documents are maintained that prove the above, to conduct an examination, counting, take official pictures, and an inspection, if necessary;
- 29.1.5. Tax withholding individuals and legal entities shall impose and withhold taxes from labor wages paid to others and transferred income; if such withholdings were not made and paid to the budget, the deductions shall be paid by the entity itself from its own funds;
- 29.1.6. To impose liability specified in articles 74, 75 of this law on taxpayers who have violated the tax legislation;
- 29.1.7. To oversee whether taxpayers carry out their accounting and bookkeeping, issue reports, define their income and taxes and compile documents in accordance with the legislation; to provide them with professional and methodological assistance;
- 29.1.8. To oversee tax imposition and payment procedures, to strictly comply with the tax legislation of Mongolia and other legislation when collecting taxes;
- 29.1.9. To strictly adhere to ethics rules of public servants and state tax inspectors;
- 29.1.10. To collect and pay to the budget taxes, payments, fees, penalties and fines on times specified by the law;
- 29.1.11. To oversee implementation of tax audit acts, conclusions and other decisions;
- 29.1.12. To respect taxpayers' legal interests, to provide advice and assistance within the framework of law on tax imposition and payments;
- 29.1.13. To maintain confidentiality of taxpayers established by the law.

Article 30. Prohibitions of state tax inspectors

30.1. The state tax inspectors shall be prohibited from the following activities besides prohibitions prescribed to public servants and specified in the Law on Public Service:

- 30.1.1. To conduct tax audits without a directive and assignment;
- 30.1.2. To print and use without authorization state tax inspector's acts, conclusions and other documents and forms, to use invalid or fake forms;
- 30.1.3. To prematurely introduce to the taxpayer one's notes on state tax inspector's acts, conclusions, reporting sheets and other documents without finalizing in an official form, and force the taxpayer into confirming it;
- 30.1.4. To make changes to or modify acts, conclusions, reporting sheets and other documents that have been signed and certified;
- 30.1.5. To distort the principle of respecting the law and avoiding influence of others;
- 30.1.6. To disrespect rights and legal interests of taxpayers;
- 30.1.7. To violate ethics rules of state tax inspectors;
- 30.1.8. To provide information pertinent to confidentiality of the taxpayer acquired in the process of tax audits to entities other than those specified in article 14 of this law, to use it for personal purposes:
- 30.1.9. To conduct examinations and audits without obtaining the state tax inspector's right or extending the right in accordance with the proper procedure;
- 30.1.10. To neglect to ensure implementation of acts, conclusions and other documents, to weaken supervision thereof;
- 30.1.11. To conduct the taxpayers' accounting, to issue tax and financial statements, to carry out audits;
- 30.1.12. To provide opportunities and conditions for taxpayers to evade taxes, to recommend, persuade, force and demand to violate the legislation;
- 30.1.13. To fail to register oral and written opinions, requests, complaints and information submitted by taxpayers in the general and confidential log of the tax administration's operations, to examine and resolve proposals, requests, complaints and information not registered as such;
- 30.1.14. In case of receiving statements, complaints and information on violation of the tax legislation, concealing and evading taxes, to conduct examinations or to be in charge of organizing examinations and audits.

Article 31. Integrated database of tax registration and information

- 31.1. The national tax authority shall have an integrated database of tax registration and information.
- 31.2. The integrated database of tax registration and information shall have the following purposes:
 - 31.2.1. To oversee tax imposition, payment and collection; to provide with prompt management;
 - 31.2.2. To efficiently organize tax audits;
 - 31.2.3. To ensure full nationwide compliance with the tax legislation;
 - 31.2.4. To ensure openness and transparency of tax administration operations;
 - 31.2.5. To ensure rapid service to taxpayers.

- 31.3. The tax administration shall have the right to collect independent information necessary for the integrated tax registration and information database specified in 31.1 of this law in compliance with the legislation.

Article 32. Procedure for the tax administration and state tax inspectors to collect information and documents and conduct audits

- 32.1. The tax administration and state tax inspectors shall adhere to the following procedure when conducting their operations, defining taxpayers' tax duties, collecting information and documents related to tax collection, and conducting examinations and audits:
- 32.1.1. To present the state tax inspector's ID, general and specific work directive and the assignment given by the tax administration to conduct the tax audit, to explain the purpose of the inspection;
- 32.1.2. To execute notes and have them signed in presence of independent witnesses when temporarily confiscating relevant documents and materials;
- 32.1.3. To take photographs and make video recording of facts qualifying as evidence;
- 32.1.4. To obtain explanations and statements in writing, execute notes when taking interviews and inquiries, have them signed by relevant entities.
- 32.2. If technical equipment of others is used to make copies of necessary information and documents, payment for such use shall be paid based on current market rate or mutually negotiated price.
- 32.3. Chief of the unit in charge of the tax administration's audits shall oversee daily operations of the state tax inspector conducting the tax audit and provide with professional and methodological assistance.

Article 33. Documents to be issued by the tax administration and state tax inspectors

- 33.1. The tax administration and state tax inspectors shall execute statements, acts, demands, notices, payment forms, conclusions, agreements and operations records (hereinafter the "records") when carrying out their duties in relation to overseeing tax imposition, payment and collection.
- 33.2. The tax administration and state tax inspectors shall execute the documents specified in section 33.1 of this law in accordance with the following grounds and procedure. It is the taxpayers' duty to fulfill requirements specified in them:
- 33.2.1. The tax administration and state tax inspectors shall execute a statement when summoning taxpayers and other entities within plenary power specified in articles 28, 29 of this law. The statement shall have family name, parents name and given name and signature of the Chief of the tax administration or

the state tax inspector, deadline to fulfill the requirements and the date of the statement issuance and delivery;

- 33.2.2. The tax administration and state tax inspectors shall execute an act when imposing liability specified in article 74 of this law, sealing property and determining taxes to be imposed on taxpayers in accordance with the tax legislation. The act shall have family name, parents name and given name and signature of the Chief of the tax administration or the state tax inspector, notes on the violation, grounds for the decision, and the date of the act issuance and delivery;
- 33.2.3. The tax administration and state tax inspectors shall execute a demand statement for the purpose of having causes and conditions that have led to violation of the tax legislation eliminated. The demand shall have family name, parents name and given name and signature of the Chief of the tax administration or the state tax inspector, notes on the violation, deadline to eliminate causes and conditions that have led to the violation and to provide a reply, and the date of the demand issuance and delivery;
- 33.2.4. A notice shall be executed to have tax deductions paid that were imposed using an indirect method or that the taxpayer failed to pay on time. If the notice is to be delivered to the taxpayer, article 54 of this law, and if the notice is to be delivered to the taxpayer's corresponding bank, article 63 of this law shall be complied with respectively when executing the notice.
- 33.2.5. If a tax debt is to be paid from a salary and other income, a payment form shall be executed and delivered to the legal entity that provides the income to the taxpayer. The payment form shall have name of the taxpayer, type and amount of tax to be paid, the tax administration to receive the tax debt, name of the bank and account number, name and address of the legal entity to pay the tax debt in the name of the taxpayer, family name, parents name and given name and signature of the Chief of the tax administration or the state tax inspector, address of the taxpayer, amount of the tax debt to be paid, date of issuance and delivery of the payment form, and deadline to provide a reply;
- 33.2.6. The tax administration shall execute a conclusion to initiate a criminal case proceeding against entities that have seriously violated the tax legislation, concealed significant amount of taxable income or tried to evade payment of taxes through other actions. The conclusion shall have notes on the violation that qualify for initiation of a criminal case proceeding, relevant facts, family name, parents name and given name and signature of the Chief of the tax administration or the state tax inspector, statement of the entity pertinent to the case, and the date committing and involved entities were introduced to the conclusion.

- 33.2.7. The tax administration and state tax inspectors shall conclude an agreement in accordance with the Civil Code when taking property owned by the taxpayer as collateral for the purpose of settling tax debts;
 - 33.2.8. State tax inspectors shall execute notes when conducting audits at taxpayers' accommodations and warehouses, carrying out counting, taking official pictures, sealing or taking property as collateral, and obtaining explanations, statements, inquiries and interviews from taxpayers within their plenary power. The notes shall have family name, parents name and given name of the state tax inspector, address of the taxpayer, the date, and signatures of people who were present when executing the notes.
- 33.3. Documents specified in article 33.1 of this law shall be deemed delivered to the taxpayer upon personal delivery or delivering by certified mail to their address of residence or work. The address of the taxpayer registered with relevant registration organization shall be his current address.

Article 34. Grounds for executing acts and conclusions

- 34.1. State tax inspectors shall execute acts based on grounds specified in articles 47.1, 48.1, 67, 74 of this law and conclusions based on grounds specified in 33.2.6 of this law. The acts and conclusions shall comprise of recording and establishing parts.
- 34.2. Acts and conclusions (hereinafter the "acts and conclusions") executed by state tax inspectors shall become valid upon signatures of the state tax inspector conducting the inspection, the taxpayer and signature of the Chief of the department, unit in charge of the tax administration audits in confirmation of his review.
- 34.3. If taxpayers refuse to sign acts and conclusions, they shall be deemed valid from the day they were handed to the taxpayer in accordance with article 18.1.5 of this law regardless of whether the taxpayer has provided a statement. The state tax inspector shall make a note on handing the acts and conclusions to the taxpayer.
- 34.4. The acts and conclusions shall have individual registration numbers.
- 34.5. State tax inspectors shall execute acts and conclusions in three copies and attach the first copy to inspection documents, provide second copy to the taxpayer and file the third copy in taxpayer's personal file.

Article 35. Ensuring implementation of acts and conclusions

- 35.1. The tax administration shall oversee and ensure implementation of state tax inspectors' acts and conclusions.
- 35.2. The tax administration and state tax inspectors shall file a claim with the court in accordance with the legislation to have acts and conclusions fulfilled, implementation of

which has become impossible as specified procedure in stipulated in articles 63, 64 of this law.

- 35.3. Invalidation of the conclusion specified in 33.2.6 by authorized organizations and officials shall not become grounds to relieve the entity at fault from administrative liability.

Article 36. Modifying and invalidating acts and conclusions

- 36.1. State tax inspectors' acts and conclusions shall be amended or void based on the following grounds upon decision of the department Chief in charge of the given tax:

- 36.1.1. Based on taxpayer's complaint;
- 36.1.2. Chief of the unit in direct supervision of the tax inspector had proposed to modify or void the act or conclusion executed by the tax inspector;
- 36.1.3. Based on a decision made by the tax dispute settlement council on amending or voiding the act or conclusion.

- 36.2. The Chief of the tax administration may appoint a working group to issue a conclusion when issuing the decision specified in article 36.1 of this law.

Article 37. Titles of state tax inspectors

- 37.1. State tax inspectors may be provided the following titles:

- 37.1.1. Authentic tax advisor;
- 37.1.2. Certified tax advisor;
- 37.1.3. Tax advisor.

- 37.2. The Government member in charge of financial matters shall endorse the procedure for providing titles to state tax inspectors.

Article 38. Salaries and wages of state tax inspectors

- 38.1. State tax inspectors shall receive salaries and wages from the state.
- 38.2. Salaries and wages of state tax inspectors shall comprise of job salary, performance bonus, and supplements of public service duration, ranks and titles and scientific degrees.
- 38.3. The amount of performance bonus to be provided on a monthly basis to state tax inspectors shall not exceed amount of their monthly job salary.
- 38.4. The Government shall endorse the procedure to provide the performance bonus specified in article 38.2 of this law.

Article 39. Guarantee of rights of state tax inspectors

- 39.1. State tax inspectors shall use uniforms and distinguishing badges and their cost shall be financed by the state budget.
- 39.2. Chief of the General department of national taxation shall approve the regulations for design and use of state tax inspectors' uniforms and badges as well as their service life.
- 39.3. Other organizations and individuals shall be prohibited from using uniforms and badges of the same design as the state tax inspectors'.
- 39.4. If state tax inspectors suffer from temporary or permanent disability or death caused by others when performing their official duties, they or their families shall be provided the following irrevocable assistance and salary balances of the position.
 - 39.4.1. in case of temporary disability, allowance for duration of the hospital stay and salary balance of the position;
 - 39.4.2. in case of permanent disability, disability allowance and salary balance of the position;
 - 39.4.3. in case of death, one time assistance equal to three years' salary of the victim's position to his family.

Article 40. Dismissal from tax service

- 40.1. State tax inspectors shall be dismissed from the tax service based on the following grounds;
 - 40.1.1. repetitive discipline violations;
 - 40.1.2. serious violation of the legislation and ethical boundaries of the state tax inspector;
 - 40.1.3. proven to have committed a crime;
 - 40.1.4. abandoned citizenship of Mongolia.

Article 41. Collector

- 41.1. Tax officers working as apprentices for probation period of one year before obtaining the right of the state tax inspector shall be called as collectors.
- 41.2. Collectors shall not have the right to independently conduct tax audits.

Article 42. Dispute settlement council

- 42.1. The Dispute settlement council shall discuss disputes arising between the tax administration and taxpayers related to tax inspectors' tax acts and conclusions based on taxpayers' complaints only.

- 42.2. The Dispute settlement council shall consist of the Chief, secretary and members.
- 42.3. The Dispute Resolution Committee under the state administrative body in charge of taxation shall be approved by the Member of the Government in charge of Finance and Fiscal matters (Minister of Finance) with composition of 11 persons including the head and secretary of the Committee; and the Committees under the Tax Administration of the Capital city, aimags and districts by Commissioner of the General Department of Taxation with composition of 7-9 persons. *(This paragraph was amended by the law dated on December 19, 2008).*
- 42.4. Composition of the tax dispute settlement council shall include representations of state and local administrative body in charge of tax and legal matters, the tax administration and non-governmental organizations. Their appointment shall be agreed with management of their respective organizations.
- 42.5. The Chief and members of the Dispute settlement council shall be individuals of accounting, financial, economic and legal professions. At least 60 percent of the staff shall be trained as state tax inspectors.
- 42.6. The Dispute settlement council shall convene with at least two thirds of the members present, and resolve issues based on regular majority voting.
- 42.7. The Dispute settlement council shall make one of the following decisions: modifying, invalidating or keeping unchanged acts and conclusions of state tax inspectors. Its decision shall be in a form of a settlement.
- 42.8. The settlement of the tax dispute settlement council shall be certified by a resolution of the Chief of the relevant level tax administration. If the Chief of the tax administration considers it groundless to certify it, he shall provide a detailed statement specifying the reason(s) and return along with the resolution to the Dispute settlement council.
- 42.9. The Dispute settlement council shall consider the statement of the Chief of the tax administration specified in 42.8 of this law at its meeting and modify the resolution if it accepts it. If not accepted, the matter shall be presented to the higher level tax administration for settlement.
- 42.10. The Dispute settlement council shall have the right to issue recommendations on how to eliminate causes and conditions of disputes, as well as to prevent violations of the tax legislation.

CHAPTER FIVE

Tax imposition, payment and reporting

Article 43. Tax imposition, payment and reporting procedure

- 43.1. Taxpayers shall independently determine their tax deductions payable in accordance with the law based on relevant documents, reflect them in their tax reports and pay in both cash and non-cash forms.
- 43.2. Tax imposition and payment procedure other than specified in 43.1 of this law may be established by the law of the given tax type.
- 43.3. Tax returns can be submitted electronically and its Procedures shall be approved by the head of the state administrative body in charge of taxation (Commissioner of the General Department of Taxation). *(This paragraph was amended by the law dated on December 19, 2008)*
- 43.4. Tax reports submitted by taxpayers (including electronic tax reports) shall be received, registered and resolved in accordance with the procedure of conducting state documents.
- 43.5. Time to submit tax reports and pay taxes shall be established by the law of the given tax type. The deadline to report and pay taxes shall be the same.
- 43.6. If the deadline to report and pay taxes coincides with weekends and public holidays, taxes shall be reported and paid on the previous working day.
- 43.7. Entities obligated by the law to impose, deduct and pay taxes to the budget shall not get paid for fulfilling this duty.
- 43.8. Taxes not paid on time specified by the tax law, taxes imposed in arrears, late fees and penalties shall be paid in accordance with the procedure specified in this law and the law of the given tax type.
- 43.9. Taxpayers shall pay indirect taxes in advance without waiting for results of the given operations.
- 43.10. The law of the given tax type shall be determined when to establish the date of tax imposition: on the day of invoicing taxable items, the day the invoice was written or the day it was paid.

Article 44. Compiling, registering and maintaining documents related to taxes

- 44.1. Taxpayers shall compile documents to determine amount of taxes and taxable items in compliance with the legislation; legal entities shall maintain accounting and individuals-regular registration.
- 44.2. If documents specified in 44.1 of this law are executed in a foreign language, the taxpayer shall be obligated to submit them translated into Mongolian. The taxpayer shall be responsible for costs associated with such translation.

- 44.3. Taxpayers and entities obligated to compile their documents and conduct bookkeeping shall have the duty to keep such documents and registrations in Mongolia until the tax payment and settlement time runs out.

Article 45. Executing and submitting tax reports

- 45.1. Taxpayers shall execute tax reports in accordance with instructions, design and time specified by the law, and submit to the local tax administration.
- 45.2. Taxpayers eligible for tax discounts and exemptions in accordance with the legislation shall not be relieved from the duty to submit tax reports. The tax reports shall be the main documents to provide taxpayers with tax discounts and exemptions.
- 45.3. Tax reports shall be signed by the legal entity's authorized officials and the taxpayer himself or his legal representative.
- 45.4. Entities who have prepared or participated as such in preparation of taxpayers' tax reports shall sign the tax reports. If a number of officials participate in issuing the tax report in accordance with their duty, the tax report shall be signed by the chief accountant.
- 45.5. Entities who have transferred taxable items to others shall be obligated to provide a document on such transfer to the entity acquiring the taxable items every time and to the tax administration whenever requested.

Article 46. Receiving tax reports

- 46.1. The tax administration shall oversee whether taxpayers are filing their tax reports on time specified by the law and paying their taxes.
- 46.2. The tax administration may take measures to supervise registration of, regularize and stabilize tax report submissions.
- 46.3. The tax administration and state tax inspectors shall ensure the tax reports submitted by taxpayers meet the following requirements:
- 46.3.1. Whether legal entities accurately filed their tax reports based on their accounting and individuals based on their income and tax registration books;
 - 46.3.2. Whether tax reports are filled in on correct forms in accordance with instructions without any errors, signed by taxpayers and other relevant entities, and made official with seals and stamps;
 - 46.3.3. To ensure the date of tax report submission is recorded in the report; if submitted late, appropriate note shall be made.
- 46.4. The tax administration and state tax inspectors shall examine the following items when receiving tax reports:

- 46.4.1. Whether accounting and tax report data match;
 - 46.4.2. Whether numeric data within the tax report match, whether there are any calculation errors;
 - 46.4.3. Whether tax discounts and exemptions in the report have been estimated and reported in accordance with the legislation;
 - 46.4.4. Whether taxes defined in the report have been paid on time;
 - 46.4.5. Whether tax debts and overpaid amounts reflected in the report coincide with registration of the tax administration;
 - 46.4.6. Whether there is collateral information related to the tax report of the given taxpayer in the integrated registration and information database of the tax administration.
- 46.5. The following measures shall be taken to eliminate errors detected when receiving tax reports:
- 46.5.1. To have the taxpayer correct errors in the tax report, add missing items, make the report to comply with the law, and correct numeric calculation errors;
 - 46.5.2. To have the taxpayer pay the tax impositions and tax debts defined in the tax report;
 - 46.5.3. To write a conclusion to conduct a tax audit and introduce to the department Chief, if it is suspected that the taxpayer has incorrectly reported his tax deductions, refused to accept requirements of the state tax inspector to correct the errors detected in relation to estimating one's tax deductions or failed to maintain accounting.

CHAPTER SIX

Tax Audits

Article 47. Tax audits

- 47.1. Taxpayers shall fulfill their duties under the tax legislation of Mongolia by accurately reporting their payable taxes and paying them on time, which shall be verified by the tax administration and state tax inspectors.
- 47.2. The National tax administration shall conduct tax audits.
- 47.3. The tax administration and state tax inspectors shall carry out the following inspection activities within their authority in compliance with the purpose of eliminating violations and assisting taxpayers with exercising of their rights and performance of their duties:
- 47.3.1. To facilitate conditions for taxpayers to implement the tax legislation by independently and accurately defining their taxes, to establish whether taxpayers regularly maintain accounting, issue their tax reports on time and pay their taxes;
 - 47.3.2. To check whether taxes reported by taxpayers in their tax reports are complete;

- 47.3.3. If taxpayers fail to maintain proper accounting or fail to file their tax reports, to define their taxes and have them pay the taxes.
- 47.4. The tax administration and state tax inspectors shall have the right to inspect taxpayers' performance of duties whenever deemed necessary in all forms allowed by the law, compliant with international standards such as planned, unexpected, full, partial, individual or public, in accordance with requirements to save on tax collection costs, to be efficient, to avoid disrupting normal flow of taxpayers' operations and cause as little disturbance as possible.
- 47.5. Unless necessary, a 10 days' advance notice shall be provided to taxpayers to notify of tax audits.
- 47.6. In order to ensure stability of budget revenue, the head of the state administrative body in charge of taxation shall establish affiliation of taxpayers for tax audit based on ranking them by an amount of revenue paid to the state and local budget. */This paragraph was amended by the law dated on December 19, 2008/*
- 47.7. The tax administration shall organize and assign audits in compliance with the purpose of preventing taking of bribes and conflicts of ethical interests taking into consideration professional skill level of and work experience of state tax inspectors.
- 47.8. The head of the state administrative body in charge of taxation shall approve and pursue regulation on receiving, reviewing and resolving information and complaints regarding breaches of the tax laws. */This paragraph was amended by the law dated on December 19, 2008/*

Article 48. Indirect method of determining tax imposition

- 48.1. The tax administration shall apply the following indirect methods of determining tax deductions of taxpayers if it is established that they have used unreal prices in engaging in certain operations, failed to properly or fully maintain reports and accounting, or did not issue any reports:
- 48.1.1. actual price method;
 - 48.1.2. standard price method.
- 48.2. The "actual price method" shall mean determining taxes to be imposed using method of price comparisons and calculation methods that can be utilized under regular market conditions if prices used in production, trade and financial transactions concluded between mutually related entities are different from prices used between unrelated entities.
- 48.3. If prices, payments and fees (hereinafter the "price") used in operations such as engaging in cooperative production, providing technical services, sending human resources, purchase and sales concluded by taxpayers with mutually related entities abroad and in

Mongolia are higher or lower than actual prices, the actual price method shall be used to determine tax deductions.

- 48.4. “Mutually related entities” shall mean entities authorized to directly and indirectly participate in management, control and property rights of any foreign and Mongolian legal entities.
- 48.5. The “standard price method” shall mean determining taxes to be imposed based on operations, income, spending and other documents of a taxpayer in local area of capacity and conditions similar to the taxpayer, if there is not one in local area, then a number of taxpayers in nearby areas.
- 48.6. The Government member in charge of financial matters shall approve the methodology of direct and indirect methods to determine taxes to be imposed.
- 48.7. The taxpayer shall be obligated to provide materials necessary for determining taxes to be imposed using the indirect method to the tax administration.

Article 49. Accessing places and warehouses

- 49.1. State tax inspectors shall access cellars, warehouses, offices and any other quarters used for production and services, access to which is not prohibited by the law, or used by the taxpayer to store taxable items, information, research and other documents related to tax, or used for the purpose of earning income in accordance with provision 29.1.4 of this law, and document in photographs, carry out audits and counts, temporarily cease documents and property for review and inspection.
- 49.2. Activities specified in 49.1 of this law shall be carried out based on official assignment and directive approved by the chief of the local tax administration which clearly specifies the places and warehouses to be accessed.
- 49.3. State tax inspectors shall access places and warehouses upon presenting to the taxpayer or his legal representative their state tax inspectors’ identification, the directive and the official assignment of the tax administration to conduct the inspection and count.
- 49.4. It shall be prohibited to carry out activities specified in 49.1 of this law at foreign diplomatic missions and consulates, offices of international organizations, and homes of officials of diplomatic standing.

Article 50. Procedure to conduct audits

- 50.1. State tax inspectors shall adhere to the following procedure when conducting audits in accordance with provision 29.1.4 of this law:
 - 50.1.1. To have presence of an independent witness when conducting audits. The independent witness shall have reached 18 years of age, have full legal capability, free of any private

interests in the activity, and free of any subordinate or superior relations with the taxpayer, the tax administration or the state tax inspector conducting the inspection;

50.1.2. To have presence of the owner or his legal representative of the property being subjected to the inspection, if not possible, a representative of the local administrative body;

50.1.3. To execute notes on the inspection and have them sign by people who have participated or witnessed the inspection. If they refuse to sign, to provide an opportunity to explain and attach the explanation to the notes.

50.2. The tax administration and state tax inspectors shall have the right to conduct inspections regardless ownership and possession status of the items to be subjected to the inspection.

Article 51. Procedure to conduct counts

51.1. State tax inspectors shall adhere to the following procedure when conducting counts in accordance with provision 29.1.4 of this law:

51.1.1. To conduct counting of goods, property and cash in the presence of the tax taxpayer or his legal representative, accountant, or a representative of the local administrative body, and execute registration and notes of the count;

51.1.2. The registration and notes of the count shall be signed by the state tax inspector who conducted the count, and people who have witnessed the count. If they refuse to sign, to provide an opportunity to explain and attach the explanation to the notes.

Article 52. Procedure to do picture documenting

52.1. State tax inspectors shall adhere to the following procedure when doing picture documenting in accordance with provision 29.1.4 of this law:

52.1.1. To carry out picture documenting for the purpose of defining taxes payable by the tax inspector and determining volume and cost of production and services. Picture documenting shall be carried out with or without notifying the taxpayer in advance. If an advance notice to carry out picture documenting has been provided to the taxpayer, to have the taxpayer present during the documentation and if such notice has not been provided, to have an independent witness present;

52.1.2. To have professionals participate in the picture documenting and use necessary measuring devices;

52.1.3. State tax inspectors shall provide a conclusion on the picture documenting and execute notes. The notes shall be signed by people who have witnessed the picture documenting. If they refuse to sign, to provide an opportunity to explain and attach the explanation to the notes.

CHAPTER SEVEN

Tax Registration and Debt Settlement

Article 53. Tax registration

- 53.1. The tax administration shall maintain accounting on taxes, fines and penalties in accordance with the legislation.
- 53.2. Tax accounting should fully reflect tax deductions, discounts, exemptions, fines, penalties payable by taxpayers, their payment, collection and debts based on preliminary documents.
- 53.3. The tax administration shall register income from taxes, fines and penalties and have a checking account for the purpose of refunding VAT and overpaid taxes in accordance with the law.
- 53.4. The bank shall conduct payment order transactions of the tax administration on refunding VAT and other overpaid taxes from income accumulated in the checking account of the tax administration on the given day, and transfer the balance to the state fund account within the same day.
- 53.5. The Government member in charge of financial matters shall approve and enforce the procedure to maintain tax accounting and the tax income registration account.

Article 54. Delivering notices

- 54.1. Taxpayers shall be delivered notices to pay taxes determined by the tax administration in accordance with the procedure specified in Article 48 of this law and taxes that the taxpayer failed to pay on time. The notice shall include the following:
 - 54.1.1. Taxpayer's family name, parents' names, given name;
 - 54.1.2. Taxpayers' registration number;
 - 54.1.3. Date of issuance of the notice;
 - 54.1.4. Taxable items;
 - 54.1.5. Amount of taxes payable;
 - 54.1.6. Requirement to pay the taxes within 10 business days of delivering the notice;
 - 54.1.7. Place to pay the taxes;
 - 54.1.8. Basis for estimating the taxes;
 - 54.1.9. And other requirements deemed necessary by the tax administration.
- 54.2. In case of possible failure to pay the imposed taxes, the chief of the tax administration may establish a time period shorter than that specified in 54.1.6 of this law.

Article 55. Tax debts

- 55.1. Taxes mentioned below that have not been paid on time specified by the law, fines and penalties imposed thereon shall be considered as tax debts:
 - 55.1.1. Tax debts reported in the taxpayer's report, fines imposed on them;
 - 55.1.2. Taxes defined by the tax administration in accordance with article 48 of this law, penalties and fines imposed thereon;
 - 55.1.3. Taxes established by tax administration audits, fines and penalties imposed thereon.

Article 56. Order to settle tax debts

- 56.1. Taxes, fines and penalties (hereinafter the "tax debt") failed to have been paid on time specified by the legislation shall be settled in the following order:
 - 56.1.1. Fines imposed on the taxes;
 - 56.1.2. Penalties;
 - 56.1.3. Main tax debt.
- 56.2. If the taxpayer did not specify exact time period and type of tax being paid with the current tax payment, the tax administration shall specifically determine order of the tax debt payment.

Article 57. Deadline to settle tax debts, extending thereof

- 57.1. The tax administration and state tax inspectors shall establish the deadline to settle tax debts as follows:
 - 57.1.1. Taxpayers shall settle tax debts imposed in accordance with this law or incomplete payments within up to 15 days of delivering the imposition act;
 - 57.1.2. Taxes in arrears, fines and penalties imposed thereon detected during audits within up to 15 days of delivering the act.
- 57.2. If taxpayers cannot pay their tax debt on time specified in 54.1.6, 54.2, 57.1 of this law due to valid reasons, the deadline may be extended once up to 60 days based on a written request of the taxpayer and settlement of the chief of the tax inspector.
- 57.3. Establishment and extension of the deadline to settle tax debts in accordance with procedures specified in 57.1 and 57.2 of this law shall not become grounds for dismissing imposition of tax fines.

Article 58. Tax deductions and refunds

- 58.1. In accordance with 17.1.4 of this law, the tax administration shall resolve taxes overpaid by taxpayers in compliance with the following procedure:
 - 58.1.1. To account for other taxes payable during the same time period;

- 58.1.2. To keep for taxes payable in the next period, with permission of the taxpayer;
- 58.1.3. To refund.

58.2. If keeping the overpaid taxes, the tax administration shall notify the taxpayer.

Article 59. Groundless and excess payment of monetary capital due to fault of the tax administration and state tax inspectors

- 59.1. The following items shall be considered as capital paid groundlessly and in excess by taxpayers due to erroneous activities of the tax administration and state tax inspectors:
 - 59.1.1. Total taxes, fines and penalties to be fully or partially refunded due to invalidation or modification of acts by state tax inspectors;
 - 59.1.2. Total taxes, fines and penalties to be fully or partially refunded due to invalidation or modification by an authorized organization of tax impositions defined in accordance with article 48 of this law;
 - 59.1.3. Monetary capital paid groundlessly and in excess based on other decisions of the tax administration and state tax inspectors.
- 59.2. The tax administration shall refund capital paid groundlessly and in excess by taxpayers within 10 days of issuance of decisions specified in 59.1.1-59.1.3.
- 59.3. The capital specified in 59.1 of this law may be resolved in accordance with the procedure specified in article 58 of this law with permission of the taxpayer. This step shall not relieve the taxpayer from being imposed fines.

Article 60. Procedure to establish amount of fines and determine period thereof

- 60.1. Fines shall be imposed on taxes paid groundlessly and in excess by taxpayers due to faults of the tax administration and state tax inspectors as well as taxes that were not paid on time specified by the law.
- 60.2. The Government shall establish every year the amount of fines specified in 60.1 of this law based on average loan interest rate provided by commercial banks of Mongolia.
- 60.3. Time period to impose fines shall be established as follows:
 - 60.3.1. The tax fine shall be imposed by number of days starting from the day specified in 43.5 and 43.6 of this law or the day when the taxpayer was supposed to independently define and pay his taxes until the day it is paid;
 - 60.3.2. Time to impose a fine on monetary capital collected groundlessly and in excess from taxpayers shall be established by number of days starting from the day such capital was taken out of the taxpayer's account due to erroneous decisions of the tax administration and state tax inspectors until the day it is refunded or deducted for tax debts.

- 60.4. Fines shall not be imposed on tax fines and penalties.
- 60.5. State tax inspectors shall resolve issues related to imposition of fines and refunds and execute acts as specified in articles 43 and 59 of this law. Such acts may be executed in conjunction with acts to impose penalties and payment of taxes in arrears specified in 74.1 and 74.2 of this law.

CHAPTER EIGHT

Collecting tax debt not paid on time

Article 61. Tax debt not paid on time

- 61.1. Tax debt established and extended in accordance with the procedure specified in 54.1.6, 54.2, 57.1 of this law, not paid within the extended time shall be called tax debts not paid on time.
- 61.2. The tax administration shall collect and settle tax debts not paid on time.

Article 62. Collecting tax debts not paid on time

- 62.1. The tax administration shall carry out collection of tax debts not paid on time in the following order:
 - 62.1.1. To have tax debts paid in a non-dispute manner;
 - 62.1.2. To have tax debts paid from property, salary and other income;
 - 62.1.3. To file a claim with the court.
- 62.2. In order to fully receive tax debts payable by taxpayers, activities specified in 62.1 of this law may be repeated.

Article 63. Payment of tax debts in a non-dispute manner

- 63.1. Tax debts shall be initially settled in a non-dispute manner from monetary capital located in bank accounts of taxpayers. If the monetary capital in bank accounts of taxpayers is not sufficient to cover the tax debts, all expense transactions of the account except for court ordered expense transactions shall be fully or partially stopped, and the tax debt shall be settled from the account income.
- 63.2. Notice of the state tax inspector on settlement of the tax debt in accordance with 63.1 of this law shall be approved by the chief of the tax administration and delivered to the bank. The notice shall specify grounds for settlement of the tax debt, its amount and duration for which expense transactions are to be fully or partially stopped.

Article 64. Settlement of tax debts from taxpayers' property, salary and other income

- 64.1. Tax debt not paid within time specified in 57.2 of this law shall be settled from taxpayer's property, salary, payables from others, dividends, shares held and other sources of income.
- 64.2. The tax administration shall make a decision to have tax debts settled in accordance with 64.1 of this law.
- 64.3. When settling tax debts from taxpayers' property, an agreement on collateral shall be concluded with the taxpayer in accordance with article 69 of this law. Certain property of the taxpayer shall be held as collateral or based on an agreement with the taxpayer, sold by publicly announcing under certain terms and conditions, and contribute the proceedings to the state budget.

Article 65. Procedure to settle tax debts from taxpayers' salary and other income

- 65.1. The following procedure shall be adhered to when settling tax debts from taxpayers' salary and other income in accordance with article 64 of this law:
 - 65.1.1. To deliver a payment notice to a legal entity or individuals that provide income to the taxpayer to have the tax debts settled from his property, salary, payables from others, dividends, shares held and other sources of income;
 - 65.1.2. As soon as the legal entity receives the payment notice, it shall make appropriate deductions from the taxpayer's income every month, and transfer the money to the account specified in the payment notice within business 3 days of making the deduction;
 - 65.1.3. Tax debts shall be deducted before any other debts and payments except for court-ordered account deductions;
 - 65.1.4. If the taxpayer is dismissed, the legal entity shall record total amount of money deducted for the tax debt and where the employee has transferred within 7 days of the dismissal and return the payment notice to the tax administration.
- 65.2. If the tax debt is to be settled from shares, procedures specified in Article 25 of the Company Law and article 66 of this law shall be adhered to.

Article 66. Procedure for settling tax debts from taxpayers' property

- 66.1. A working group shall be appointed by decision of the chief of the tax administration when settling tax debts from taxpayers' property in accordance with article 64 of this law.
- 66.2. The working group specified in 66.1 of this law shall carry out the tax settlement activities in accordance with the following procedure:
 - 66.2.1. Establish initial price of the property provided to settle the tax debt for an auction taking into consideration its quality, demand, wear and tear, opinion of

- the taxpayer and current local rates, and execute notes. The registration of the asset shall be attached to the notes;
- 66.2.2. Property provided to settle tax debts shall be sold through an auction. If the taxpayer wishes so, he or his legal representative may be present during the auction;
- 66.2.3. Property not sold during an auction shall be returned to the taxpayer.
- 66.3. If proceedings earned from the sale of the property through an auction exceed the tax debt and auction costs, the excess amount shall be provided to the taxpayer, and a note executed.
- 66.2.5. If proceedings earned from the sale of the property through an auction are not sufficient to cover the tax debt, the taxpayer shall not be relieved from the duty to pay the balance.
- 66.4. Assistance of professional organizations and experts may be obtained in establishing initial price of the property for an auction.

Article 67. Property sequestration

- 67.1. State tax inspectors may sequester items, monetary capital, documents, accommodation, warehouses (hereinafter the “property”) of taxpayers who have tax debts for the following grounds and duration based on directive of the chief of the tax administration:
- 67.1.1. Until tax audits, counting, inspections and picture documenting are completed and relevant conclusions and decisions issued;
- 67.1.2. If there is information that the property may be concealed or transferred to others, until such information is checked;
- 67.1.3. If it is necessary to protect documents, registration, false or invalid agreements, treaties, and property when filing a claim in accordance with this law, until such claim is filed with the court.
- 67.2. If the time specified in 67.1.1 and 67.1.2 of this law runs out, the tax administration shall revoke sequestration of the property and execute an act.
- 67.3. In accordance with 67.1 of this law, the decision of the Chief of tax administration is not accepted by the tax payer, he is entitled to file claim with the court.

Article 68. Procedure to sequester property

- 68.1. The state tax inspector appointed to conduct counting, inspections and audits or who is certified to file claims with the court shall carry out sequestration of the property in accordance with the following procedure:

- 68.1.1. The taxpayer or his legal representative, accountant or representative of the local administrative organization and an independent witness shall be present during sequestration of the property;
 - 68.1.2. The state tax inspector shall execute an act and notes on the property sequestration. The notes shall specify shape, size, quality, number, color and other features of the property. The act shall specify grounds and duration of the property sequestration;
 - 68.1.3. The sequestered property shall be sealed and handed to the owner.
- 68.2. Entities specified in 68.1.1 of this law shall assume the duty to confirm the entire process of the property sequestration and sign the notes. If they refuse to sign, to provide an opportunity to explain and attach the explanation to the notes.
- 68.3. The owner in charge of the property sequestered in accordance with 68.1.3 of this law, shall assume the duty to keep it complete and shall be prohibited from transferring, losing or selling the sealed property to others as well as tampering with the lock or seal without permission of the tax administration. If the owner fails to perform his duty, the state tax inspector shall explain about imposing responsibility in accordance with relevant legislation, reflect it in the notes and have it signed by the owner.

Article 69. Grounds and procedure for holding property as collateral

- 69.1. The following procedure shall be adhered when settling tax debts holding taxpayers' property as collateral in accordance with 64.3 of this law:
- 69.1.1. The property taken as collateral for the tax debt shall be private property of the given taxpayer;
 - 69.1.2. When taking property as collateral, an agreement shall be concluded with the taxpayer, which will specify quality, price, shape, color, size, location and ownership of the property and where and whose possession it is to remain under. If immovable property is taken as collateral, the immovable property shall be registered with the Immovable Property Registration Office;
 - 69.1.3. Term of the collateral agreement shall be agreed by the parties to the agreement;
- 69.2. If the taxpayer settles his tax debts within the time specified in the agreement, he shall have the right to take back his property held as collateral.
- 69.3. The taxpayer shall be prohibited from using, disposing of, damaging and losing the property held as collateral. The taxpayer himself shall assume the liability for any damages due to violation of this duty.
- 69.4. The following property of the taxpayer shall be prohibited from being sequestered or held as collateral:

- 69.4.1. Items and clothes (seasonal) used everyday by the taxpayer and his family members;
 - 69.4.2. Easily perishable food products that cannot be stored for long;
 - 69.4.3. Old, worn-out, useless items;
 - 69.4.4. Accommodation where the taxpayer permanently resides, firewood and coal used in cold season.
- 69.5. The procedure specified in article 66 of this law shall be adhered to when selling property held as collateral.

Article 70. Filing court claims

- 70.1. The tax administration shall file a claim with the court if it is impossible to settle the tax debts not paid on time in accordance with the procedure specified in articles 63, 64 of this law.
- 70.2. Although an agreement was reached in accordance with the procedure specified in article 64 of this law to have the tax debts settled from property, salary and other income, but the taxpayer refused to fulfill this duty or delayed without any valid reasons, relevant property shall be sequestrated in accordance with the procedure specified in article 67 of this law, and a court claim filed.

CHAPTER NINE
Duties of other organizations

Article 71. Duties of banks, financial institutions and other relevant organizations

- 71.1. The following duties shall be assumed by organizations specified below in regard to implementation of tax legislation.
- 71.2. Commercial banks and non-banking financial organizations:
- 71.2.1. Correspondents shall transfer tax payments of taxpayers to the bank specified by the tax administration within 12 hours. The bank that has received the payment shall transfer it to the state fund via checking account of the tax administration within the same day, or the following day if business hours had closed, in accordance with the procedure specified in article 53 of this law.
 - 71.2.2. The corresponding bank shall notify the tax administration within 10 business days of taxpayers' newly opened accounts or any changes and movements made to old accounts in accordance with the procedure specified in article 12 of the Law on Monetary Savings, Payments and Loan Activities of Banks and Authorized Legal Entities;
 - 71.2.3. To execute debts of correspondents in the following order:

- 71.2.3.a. debts specified by the law to be paid before any other debts;
 - 71.2.3.b. debts specified in settlement of the tax administration on payment of taxes in non-dispute manner or in accordance with the taxpayers' request to pay from monetary capital in their accounts;
 - 71.2.3.c. debts payable to banks, financial organizations and other borrowers and claimants.
- 71.3. If banks fail to fulfill their duty specified in 71.2.1 of this law, the tax administration shall impose 0.3 percent interest per day on unpaid balance of the tax payment.
- 71.4. Section 2 of article 17 of the Law on Monetary Savings, Payments and Loan Activities of Banks and Authorized Legal Entities shall not pertain to provision 71.2.3 of this law;
- 71.5. Stock Exchange:
- 71.5.1. To provide quarterly information to the tax administration on spread of shareholders of stock companies in an electronic format.
- 71.6. Police Department:
- 71.6.1. to provide necessary assistance and facilitate conditions and opportunities for the tax administration and state tax inspectors to fulfill their plenary power if accessing taxpayers' quarters, warehouses, conducting inspections, counting, examinations, taking property as collateral and sequestering property are opposed with force, obstructed or protested in an organized manner;
 - 71.6.2. to provide information and studies in its possession that do not pertain to individual privacy but are related to registering citizens of Mongolia, foreign citizens and stateless individuals as taxpayers and determining addresses thereof to the tax administration based on its request;
 - 71.6.3. to cooperate and provide assistance in investigating taxpayers who have evaded taxes and absconded.
 - 71.6.4. Case registration and investigative organizations and officials shall resolve tax cases and violations submitted by the tax administration for inspection within the time specified by law and provide a response to the tax administration in writing. To provide information on violations of the tax legislation discovered in the process of performing their official duties to the tax administration.
- 71.7. Customs Organizations:
- 71.7.1. to require taxpayers to provide their registration number on customs declarations and provide information related to export and import activities of the taxpayer within time period agreed with the tax administration.

- 71.8. The state administrative organization in charge of civil registration and information, as well as matters of foreign citizens and stateless individuals, shall provide information and studies in its possession that do not pertain to individual privacy but are related to registering citizens of Mongolia, foreign citizens and stateless individuals as taxpayers and determining addresses thereof to the tax administration based on its request;
- 71.9. Other state central and local administrative organizations, their management and officials:
 - 71.9.1. To provide support and assistance in facilitating conditions and opportunities to promote social and economic benefits of taxes and ensuring implementation of tax legislation;
 - 71.9.2. To promote benefits of budget spending financed by tax income based on individual sector and organization examples, to report in an acceptable form;
 - 71.9.3. To provide assistance in tax auditing activities, provide necessary information and cooperate with the tax administration.
 - 71.9.4. If state administrative organizations and officials in charge of inspections come upon information on violations of the tax legislation in the process of performing their official duties, they shall officially transfer this information to the tax administration.

Article 72. Resolving taxpayers' complaints

- 72.1. Taxpayers shall have the right to file complaints in an administrative procedure in regard to decisions issued by the tax administration and state tax inspectors in the following hierarchy:
 - 72.1.1. complaints related to decisions of state tax inspectors to the chief of the tax administration in direct supervision of the given inspector within time specified in 17.1.6 of this law.
 - 72.1.2. complaints related to decisions of the tax administration to the chief of the higher up tax administration;
 - 72.1.3. complaints related to decisions of state tax inspectors to the Dispute settlement council under the tax administration in direct supervision of the given inspector;
 - 72.1.4. disputes related to decisions of the Dispute settlement council to the Dispute settlement council of the higher up tax administration.
- 72.2. Taxpayers shall have the right to file their complaints with the court if decisions made in accordance with 72.1.2, 72.1.4 of this law are unacceptable.

- 72.3. The tax administration and the Dispute settlement council shall be governed by this law, the Law on Administrative Liability, the Law on Administrative Procedure, the Law on Resolving appeals and complaints submitted by citizens on civil organizations and servants and the procedure of the Dispute settlement council when resolving complaints filed in accordance with 72.1 of this law.

Article 73. Liability to be imposed on state tax inspectors

- 73.1. State tax inspectors who have failed to perform their official duties or abused their authority specified in articles 29, 30 of this law shall be imposed disciplinary, administrative, property and criminal liability as specified in this law and other relevant legislation.
- 73.2. The following disciplinary actions shall be taken against state tax inspectors in case of authority abuse, failure to properly perform their duties and violation of prohibitions specified in this law if criminal charges are not impossible:
- 73.2.1. To issue a warning;
 - 73.2.2. To reduce monthly salary up to 20 percent for up to 6 months;
 - 73.2.3. To reduce employment position or tax administration ranking;
 - 73.2.4. To rid of the right of the state tax inspector for up to 12 months or permanently;
 - 73.2.5. To dismiss from the national tax authority.
- 73.3. It is not obligatory to take measures specified in 73.2 of this article separately. Actions specified in 73.2.3, 73.2.5 of this article may be imposed in conjunction with action specified in 73.2.4, or repeat the action in 73.2.3 taking into consideration conditions of the violation.

Article 74. Liability to be imposed on violators of legislation

- 74.1. If taxpayers who have concealed taxable income and items other than income, are not impossible criminal charges based on the following actions, the tax administration and state tax inspectors shall have the taxes payable paid and impose penalty equal to 30 percent of taxes payable:
- 74.1.1. physically concealed;
 - 74.1.2. transferred to individuals and legal entities without valid reasons;
 - 74.1.3. left out of accounting reports, balances and tax reports;
 - 74.1.4. quantity, volume and prices of which were decreased in accounting reports, balances and tax reports, or increased costs and other items to be deducted in order to decrease;
 - 74.1.5. destroyed, concealed or lost accounting, bookkeeping documents, tax reports and other relevant documents;
 - 74.1.6. executed false documents, or modified them;

- 74.1.7. made it impossible to issue tax reports due to failure to maintain accounting and compile necessary documents;
 - 74.1.8. deceived or concluded false agreements and treaties;
 - 74.1.9. created false payables;
 - 74.1.10. transferred or let others use the legal entity's name, address, seal, stamp, accounts, state registration certificate, permits, and other property and documents.
- 74.2. If taxes are not paid on time, to impose 0.1 percent penalty per day on outstanding balance of taxes payable.
- 74.3. Fines shall be imposed on taxes in arrears and taxes not paid on time in accordance with 74.1 and 74.2 of this law. Amount of the fine shall not exceed 50 percent of the outstanding tax amount.
- 74.4. Fines specified in articles 74, 75 of this law shall not pertain to penalty specified in article 232 of the Civil Code of Mongolia.

Article 75. Administrative liability to be imposed on violators of tax legislation

- 75.1. The tax administration and state tax inspectors shall impose the following administrative liability on violators of tax legislation:
- 75.1.1. in case of violation of the procedure specified in section 13.1-13.3 of this law, individuals shall be fined the minimum labor wage or increased by 2-3 times, officials shall be fined 3-4 times the minimum labor wage;
 - 75.1.2. in case of violation of the procedure specified in section 13.5-13.7 of this law, individuals shall be fined the minimum labor wage or doubled; officials shall be fined 2-3 times the minimum labor wage;
 - 75.1.3. taxpayer individuals who have failed to issue tax reports specified in tax legislation to the tax administration on time specified by the law shall be fined the minimum labor wage or increased by 2-3 times, officials shall be fined 3-4 times the minimum labor wage;
 - 75.1.4. individuals who have evaded payment of taxes, fines and penalties through the following actions shall be fined the minimum labor wage or increased by 2-3 times, officials shall be fined 3-4 times the minimum labor wage:
 - 75.1.4.a. Incorrectly reported the address at which the economic operations are carried out or of permanent or temporary residence;
 - 75.1.4.b. Repetitiously failed to appear at the tax administration's summons without valid reasons;
 - 75.1.4.c. Failed to reporting one's address of residence when the court has not declared the taxpayer missing.
 - 75.1.5. Individuals shall be fined the minimum labor wage or increased by 2-3 times, officials shall be fined 2-4 times the minimum labor wage, and economic

entities shall be fined 10-15 times the minimum labor wage for losing, wantonly transferring to others, damaging or selling without permission the property sealed or taken as collateral by state tax inspectors; capital equal to amount of the above property that has been lost, transferred to others, damaged or sold shall be made state income;

- 75.1.6. Individuals shall be fined the minimum labor wage or increased by 2-3 times, officials shall be fined 3-4 times the minimum labor wage for impeding with performance of official duties of state tax inspectors through the following actions:
 - 75.1.6.a. Failed to provide necessary accounting reports and statements, tax information and other relevant documents;
 - 75.1.6.b. Did not provide access to accommodation and warehouses;
 - 75.1.6.c. Did not allow performing counting;
 - 75.1.6.d. Did not allow carrying out picture recording, inspections and property sealing and collateralizing processes;
 - 75.1.6.e. Failed to fulfill requirements specified in statements, acts, notices, payment notices and demands on implementing the tax legislation;
- 75.1.7. To fine relevant officials who have violated procedures specified in 24.5, 65.1.4, 71.2, 71.5, 71.6.2, 71.6.4, 71.7 of this law with the minimum labor wage or increased by 2-3 times;
- 75.1.8. To fine individuals with the minimum labor wage or doubled, officials shall be fined 3-4 times the minimum labor wage for violation of duties specified in Article 44 of this law.

Article 76. Law coming into force

- 76.1. This law shall enter into force on July 1, 2008.

THE SPEAKER OF THE STATE
GREAT KHURAL OF MONGOLIA

D.LUNDEEJANTSAN