

**LAW OF MONGOLIA**  
**ON TAXATION OF PERSONAL INCOME DERIVED FROM**  
**PRIVATE ACTIVITIES AND SERVICES WITH**  
**INDETERMINABLE INCOME**  
(Revised edition)

November 22, 2001  
Ulaanbaatar city

(Turiin medeelel #48, 2001)

**Article 1. Purpose of the law**

1.1. The purpose of this law is to regulate relations concerning to the imposition of tax on personal income derived from private activities and services with indeterminable income and payment of such taxes to the budget.

**Article 2. Legislation on taxation of personal income derived from private activities and services with indeterminable income**

2.1. Legislation on taxation of personal income derived from private activities and services with indeterminable income /hereinafter referred to as "tax"/ comprises the General Taxation Law, Law on Personal Income Tax, this law and other legislative acts issued in conformity therewith.

**Article 3. Taxpayer**

3.1. Mongolian citizens, foreign citizens and stateless persons, (hereinafter referred to as "citizens") residing permanently or temporarily in the territory of Mongolia, who privately conduct various types of activities and services that are not regulated by any contract or agreement concluded with legal entities, organizations and citizens, shall be considered as taxpayers.

**Article 4. Taxable activities and services**

4.1. Taxes shall be imposed on the following private activities and services conducted by citizens:

4.1.1. Activities and services with indeterminable income;

4.1.2. Other activities and services not regulated by any contract or agreement concluded with legal entities, organizations and citizens.

**Article 5. Tax rates**

5.1. The following tax rates shall be imposed on private activities and services with indeterminable income listed below on a monthly basis:

	Activities and services	In Ulaanbaatar	Nalaikh, Baganuur, centre sums of Darkhan-Uul and Orkhon aimags and other sums with permanently operated border entry points	Other aimag centre sums	Other places
	À	1	2	3	4
1.	Sales of self-created paintings, sculptures, engravings, souvenirs, decoration items, and games	3000	2000	1000	500
	Planting and sales of decorative or indoor plants and flowers	1200	900	600	200
	Writing and correcting memorial words on souvenirs	2400	2000	1000	200
2.	Repairing household electric appliances, equipment and furniture	4500	3500	2500	1500
	Repairing radio and television sets	6000	4000	2000	1000
	Watch repair	3000	2000	1000	500
3.	Gold smith and jeweler services :	16000	14000	12000	10000
	- gold and silver smith - other services	8000	7000	6000	5000
4.	Teaching, reviewing lessons, training, word processing, copying	2000	1600	1200	1000
5.	Photographic services, filming on order, taking video, video rental, showing video	7000	5500	4000	2000
	Renting CD and audio records	2400	2000	1600	1000
	Copying and selling video and audio records	10000	6000	4000	1000
6.	Paid games	12000	9000	4500	3000

	/excluding billiards/				
7.	Shoes and clothes repair service: - repairing and dyeing - sewing - shoe polishing	4000 6000 900	2800 4000 400	2400 3000 200	2000 2500 100
8.	Car wash	3000	2000		
9.	Packaging luggages, loading and unloading and delivery service  Animal drawn transport	2800 5000	2000 3000	1200 1500	1000
10.	Storing goods and raw materials	15000	10000		
11.	Selling at street boothes	6000	4000	2000	1000
12.	Selling at counters	6000	4000	2000	1000
13.	Foreign exchange services	25000	15000	10000	5000
14.	Fortune telling	1200	1000	800	400
15.	Small sales /nuts, fruits, milk, yogurt, fermented mare's milk, ice-cream,. books, newspapers, magazines, firewood, coal, technical oil... etc/	2400	2000	1600	600

5.2. In case the activities and services specified under Article 5.1 of this law are carried out during less than one month, in order to determine the tax rate, the imposed monthly tax amount shall be divided into calendar days of that month of which the result shall be multiplied with number of days of the conducted activities and services.

5.3. A standard method of determining personal income tax on the following activities and services that are not regulated by any contract or agreement concluded with legal entities, organizations and citizens, shall be approved by a Member of the Government in charge of financial issues:

5.3.1. repair works and other services for cars and other transportation means;

5.3.2 interior decoration, reconstruction, services, elaborating projects of construction;

5.3.3. billiards;

5.3.4. running canteen, teashop, buffet, cafe and snack-bar;

5.3.5. sales activities from container and transportation means;

5.3.6. running hospitals, offering health services and selling medicines and drugs;

5.3.7. producing and selling food stuff;

5.3.8. passenger and freight transport activities within the city and soum territory;

5.3.9. interaimag, intersum and intercity passenger and freight transport activities;

- 5.3.10.parking services;
- 5.3.11.collecting and selling leather, wool, cahsmere and other raw materials from livestock;
- 5.3.12.electrical and oxy-acetylene welding;
- 5.3.13.saw and chain-saw activities ;
- 5.3.14.selling, repairing and servicing cell phones;
- 5.3.15.selling transport means and spare parts;
- 5.3.16.internet services;
- 5.3.17.selling, repairing and servicing glasses;
- 5.3.18.hairdressing and cosmetic services

5.4. To the taxable income from the activities and services specified under Article 5.3 of this law, shall apply the tax rate stipulated in the Article 7, paragraph 1 of the Personal Income Tax Law.

5.5. Each time, an interstate passenger and freight transportation service is rendered, the following taxes shall be imposed:

Activities and services	Tax amount /by togrogs/	
	Zamiin-Uud and Altanbulag border entry points	Other border entry points
1. Interstate passenger transport /each time/		
a/ By car with up to 4 passenger seats	10000	6000
b/ By car with up to 8 passenger seats	12000	8000
c/ By car with up to 16 passenger seats	14000	10000
d/ By bus	18000	12000
2. Interstate freight transport		
a/ By lorry with capacity of 1-3 tons	16000	10000
b/ By lorry with capacity of 3-5 tons	18000	12000
c/ By lorry with capacity of 5-8 tons	20000	14000
d/ By lorry with capacity above 8 tons	22000	16000
e/ By tractor	10000	4000

5.6. In case the passenger seats and capacity of the car coincides in two categories, the tax shall be imposed on the basis of lower category.

## Article 6. Registration and certification of taxpayers

6.1. Citizens who conduct private activities and services described under Article 5.1 of the this law, shall be registered at the local tax authority, pay the tax in cash or non-cash form and hold a certificate thereon.

6.2. Citizens who conduct private activities and services described under Article 5.3 of the this law, shall be registered at the local tax authority, and pay a monthly tax in cash or non-cash form in advance amounting to 10000 togrogs in Ulaanbaatar, 8000 togrogs in Nalaikh, Baganuur, center sums of Darkhan-Uul and Orkhon aimags and in other sums with permanently operated border entry points, 6000 togrogs in center sums of other aimags, 4000 togrogs in other

places. They shall hold a registered certificate of taxpayer and calculations shall be made after tax report.

6.3. The model of the certificate stated under Articles 6.1, 6.2 of the this law shall be approved by the General Department of National Taxation.

6.4. The taxpayer shall place the certificate stated under Articles 6.1, 6.2 in his or her workplace or transport means on display and shall personally keep and present it while passing through specified streets, places and entering border ports;

6.5. The certificate about the tax payment on the activities and services except the activities and services specified under Article 5.3.9, shall be valid on the territory of the capital city and sum.

6.6. The incomes from activities and services within the certificate period determined under Article 6.1 shall not be included in the year's income to be calculated by income and tax form specified under Article 10, paragraph 8 of the Personal Income Tax Law.

6.7. In case the citizen conducted activities and services without tax certificate, thus infringing this law, penalties shall be imposed according to the laws on taxation and on administrative liabilities.

#### **Article 7. Tax payment to the budget and the report thereof**

7.1. The preimposed tax specified under Article 6.2 of the this law shall be paid to the budget before 15th of next month and the tax specified under Article 5.4 shall be paid to the budget before 15th of first month of the next quarter.

7.2. In case preimposed tax of the taxpayer is revealed, by quarterly and annual tax calculations, lower than the tax rate specified under Article 5.4 of the this law, the tax difference shall be paid to the budget..

7.3. In case if preimposed tax of the taxpayer is revealed, by quarterly and annual tax calculations, larger than the tax rate specified under Article 5.4 of the this law, the tax difference shall be deducted from similar taxes to be imposed next quarter or year by the national taxation authority .

7.4. Citizens, conducting private activities and services specified under Article 5.3 of this law, shall submit the quarterly tax reports within the 15th of the first month of the next quarter and the year-end tax report before 10 February of the next year, to the local tax authority, and shall also calculate their incomes according to the standard method approved by the Member of the Government in charge of financial issues and shall make final tax settlements.

#### **Article 8. Entry into force of the law**

8.1. The this law shall enter into force on 1 January, 2002.

CHAIRMAN OF THE  
STATE IKH KHURAL

S.TUMUR-OCHIR