

June 28, 2002

LAW OF MONGOLIA
ON THE LEGAL STATUS OF
“ALTANBULAG” FREE TRADE ZONE

Article 1. Purpose of the Law

1.1. The purpose of this Law shall be to determine the legal status “Altanbulag” free trade zone (hereafter “Altanbulag” zone) and to regulate relations related to its implementation.

Article 2. “Altanbulag” zone’s legislation

2.1. “Altanbulag” zone’s legislation shall consist of the Constitution of Mongolia, Law on Free Zones, this Law and other legislative acts adopted in compliance with them.

2.2. If the International Treaty of Mongolia stipulates otherwise, the International Treaty shall be observed.

Article 3. “Altanbulag” zone’s territory

3.1. “Altanbulag” zone shall occupy the territory of Altanbulag soum in Selenge province within boundaries defined by the Ikh Khural of Mongolia.

Article 4. Income tax allowance or exemption

4.1. The amount of companies’ investment into main infrastructure of the Altanbulag zone such as electricity, heating and water supply, telecommunications networks, automobile roads and railroads, shall be deducted from the revenue subject to income tax.

4.2. Companies that invest into construction of storage facilities, cargo terminals and hotels in the “Altanbulag” zone shall be exempted from income tax for five years since the date of beginning operations, and granted 50 percent income tax abatement for three consequent years.

4.3. Companies engaged in storage and protection of goods and products, improvement of packaging and which signed a respective contract with the Governor to operate for more than 10 years, shall be exempted from income tax for one year since the date of beginning operations, and granted 50 percent income tax abatement for three consequent years.

4.4. Foreign companies, organizations and individuals registered at the Governor’s Office and residing permanently in the “Altanbulag” zone shall be exempted from the real estate tax.

4.5. Foreign companies, organizations and individuals registered at the Governor’s Office and residing permanently in the “Altanbulag” zone shall be exempted from income tax in case

real estate under their ownership is being sold to Mongolian citizen, company or organization.

Article 5. Abatement on land use fee

5.1. An abatement for land use fee shall be granted in the following cases:

5.1.1. companies engaged in trading and services shall be exempted from paying land use fee for three years since the date of beginning operations, and granted 50 percent abatement for three consequent years;

5.1.2. companies engaged in construction of main infrastructure of the “Alatnbulag” zone as stipulated in Items 5.1, 5.2. of Article 5, shall be exempted from land use fee for five years since the date of beginning operations and granted 30 percent abatement for three consequent years.

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