

Invest  
Mongolia  
Agency



invest IN  
MONGOLIA

Create a Value in  
Mongolia

INVESTMENT  
GUIDE TO  
MONGOLIA  
2015

*From the scene of a blueprint of our Nation, from the achievement of our multilateral effort, we have built a strong, deep and friendly relationship over the past course of period of time with the nations from all over the world.*

*It is indeed a privilege to introduce Mongolia's investment environment to You through this small booklet. This guidebook hopefully gives you a direction to consider Mongolia as your next destination of business opportunities.*

*We promise abundant opportunity for growth and benefits for every stakeholder through being one of the fastest growing economies globally, and offer a large mineral resources base that can be leveraged for value added processing.*

*Mongolia's economy has been growing at double-digit rates in the last few years due to the development in the mining sector where we attracted substantial stake of our earnings. However, while mining industry plays the chief role of our earnings, we substantially encourage the non-mining industry through our economic and investment diversification policies. But to foster it, by making sure that Mongolia as a Nation welcomes the investment, we value and honor win-win situation by making Mongolian businesses environment smarter, innovative, and sophisticated.*

*Investment comes when the market is open, policies are supportive, government is stable, roadmaps are clear and opportunities are available. We have them. Being open for every opportunity and being open for everyone is the core value of Mongolia's effort in addressing investment in general.*

*Not only just for the necessity, but also for the good deed, Mongolia taking bold actions to reform the investment environment by modifying the respective laws to attract investment through various measures. A decisive regulatory reform that we took on investment is aimed to reduce and abolish business unfriendliness, cutting red tapes making sure that the less intervention of Government to the businesses but more supportive on enabling environment and give more economic freedom.*

*Besides being a referee of these aforementioned activities, We, the Invest Mongolia Agency competes to bring jobs and investment from around the world to Mongolia by making investment attraction, as a core priority by actively encouraging companies around the world to consider Mongolia by serving as a single point of contact to help you to invest faster and build your business efficiently in Mongolia.*

*We can do better and achieve more together and let's dedicate ourselves to that.*



*With all the best wishes,*

*Respectfully yours,*

*The InvestMongolia Agency Team.*

# INVESTMENT GUIDE TO MONGOLIA 2015

## Country Profile

Population	2 995 949
Capital	Ulaanbaatar
Official language	Mongolian
Commonly used languages	English, Russian
Currency	Tugrik (MNT)
Time zone	UTC +8
GDP	10.0 Billion USD
Growth rate	7.0% Q3-2014
GNI per capita	3770 USD (2013)
Exports	5.774 billion USD
Imports	5.266 billion USD

INVEST MONGOLIA AGENCY

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# ***COMING TO MONGOLIA***

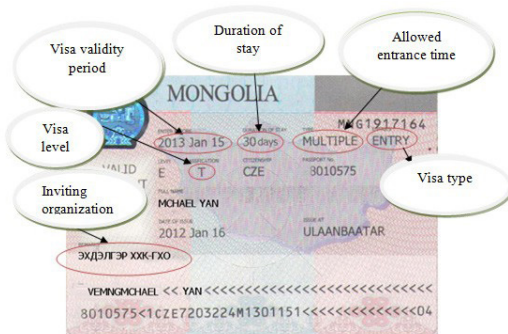
***Mongolia distinguishes between different kinds of residence titles for specific purposes subject to the length of stay and intended activity in Mongolia.***





## 1

## VISA TYPE &amp; PROCESS



Mongolia has 11 types of visas. The type of a visa shall be indicated on the visa slip as Latin letters “D”, “A”, “T”, “O”, “B”, “S”, “J”, “HG”, “SH”, “TS”, “H” in conformity with the purpose of a foreign citizen or a stateless person.

Type “T” visa shall apply to:

- A foreign investor;
- A senior manager in a joint venture, branch, or representative office of a foreign corporation.

Type “B” visa shall apply to:

- A foreign citizen or stateless person visiting Mongolia with business purpose;

Type “HG” visa shall apply to:

- A foreign citizen or stateless person with the purpose of working in Mongolia under an employment agreement irrespective of his/her passport type.

*You can find detailed information on the types of visas from the website of the Mongolia Immigration Agency [www.immigration.gov.mn](http://www.immigration.gov.mn)*



**Visas shall be issued by the following authorities:**

1. Ministry of Foreign Affairs;
2. Mongolia Immigration Agency;
3. Mongolian Embassies and Consulates in foreign countries.

The following materials are required to obtain the Mongolian visa at the Mongolian Embassies and consulates in foreign countries:

**For Tourist visa for 30 days, it is required to submit:**

1. Passport with a validity date of at least six months beyond the end of the applicant's intended period of stay in Mongolia;
2. Completed visa Application Form for Tourists with one passport-size photo;
3. Travel itinerary, hotel reservation, and insurance are suggested.

**For Business Visas for 30 days or less, it is required to submit:**

1. Passport with a validity date of at least six months beyond the end of the applicant's intended period of stay in Mongolia;
2. Completed visa Application Form for non-tourists with one passport-size photo;
3. Invitation from the inviting Mongolian organization which should be approved by the Ministry of Foreign Affairs of Mongolia.

For foreigners planning to stay over 30 days and up to 90 days wishing to receive visa on arrival, permission should be obtained from the Mongolian Immigration Agency.

For transit passengers - onward ticket and visa for next destination country is required.

**List of Countries that are visa exempted in Mongolia:**

Table № 1

№	Country
1	Hong Kong Special Administrative Region of the PRC /up to 14 days/
2	Singapore /up to 14 days/
3	Philippines /up to 21 days/
4	Malaysia /up to 30 days/
5	Israel /up to 30 days/
6	Cuba /up to 30 days/
7	Laos /up to 30 days/
8	Thailand /up to 30 days/
9	Japan /up to 30 days/
10	Turkey /up to 30 days/ - the other side haven't approved yet
11	United States of America /up to 90 days/
12	Macao Special Administrative Region of the PRC /up to 90 days/
13	Kazakhstan /up to 90 days/
14	Ukraine /up to 90 days/ -official invitation is required
15	Georgia /up to 90 days/
16	Belarus /up to 90 days/ – the other side haven't approved yet
17	Kyrgyzstan /up to 90 days/
18	Germany /up to 30 days/
19	Canada /up to 30 days/
20	Serbia /up to 90 days/
21	People's Republic of China /official E passport holders are visa exempted for 30 days. Ordinary E passport holders are obliged to obtain visa for entry/
22	Democratic People's Republic of Korea /up to 30 days, if more than 4 times in the last 2 years or more than 10 times entered into Mongolia in total/
23	Russian Federation /up to 30 days/

*List of countries whose diplomat and official passport holders are exempt from visa is provided at the Ministry of Foreign Affairs of Mongolia website [www.mfa.gov.mn](http://www.mfa.gov.mn)*

**List of Countries that are visa exempted in Mongolia for 30 days until 31st of December, 2015**

(only applicable for business and leisure purposes)

Table № 2

№	Country
1	Republic of Austria
2	Principality of Andorra
3	Argentine Republic
4	Commonwealth of the Bahamas
5	Kingdom of Belgium
6	Republic of Bulgaria
7	Federative Republic of Brazil
8	Hellenic Republic
9	Gibraltar-Overseas territory of the United Kingdom
10	Grenada
11	Kingdom of Denmark
12	United Kingdom of Great Britain and Northern Ireland
13	Republic of Iceland
14	Kingdom of Spain
15	Italian Republic
16	Republic of Ireland
17	Republic of Cyprus
18	Republic of Costa Rica
19	Republic of Latvia

20	Republic of Lithuania
21	Principality of Liechtenstein
22	Grand Duchy of Luxembourg
23	Republic of Malta
24	Principality of Monaco
25	Kingdom of the Netherlands
26	Kingdom of Norway
27	Republic of Panama
28	Republic of Poland
29	Portuguese Republic
30	Romania
31	Slovak Republic
32	Republic of Slovenia
33	Hungary
34	Oriental Republic of Uruguay
35	Republic of Finland
36	French Republic
37	Republic of Croatia
38	Czech Republic
39	Republic of Chile
40	Kingdom of Sweden
41	Swiss Confederation
42	Republic of Estonia

*Contact details of the Mongolian Embassies and consulates in foreign countries are provided at Ministry of Foreign Affairs website  
**[www.mfa.gov.mn](http://www.mfa.gov.mn)***

## REGISTRATION

Foreign citizens who come to Mongolia for more than 30 days should register with the Mongolian Immigration Agency within 7 days after their arrival. Those coming to Mongolia for official or private purposes for no more than 30 days do not need to register.

Required Documents:

1. Registration request from inviting organization or individual. In cases where there is no inviting organization or individual, the foreign national should submit his/her own request for registration;
2. Passport or equivalent document plus additional copies;
3. 1 copy of passport-size photo (3x4 sm);
4. Completed registration application form (2000 MNT).

## VISA EXTENSION

Temporary (business) Visa Extension-“B” Required Documents:

1. Application letter of extension from applicant's company/ including information on company's operation and the reason for extension/
2. Original document and the copy of State Registration Certificate. If operated with special authorization, the original authorization certificate and the copy are required.
3. Registration form
4. 3x4 sized photo
5. Copy of a passport, along with the copy of visa. If visa is not issued, the copy of immigration stamp is required.

Tourist Visa Extension-“J” Required Documents:

1. A Letter of extension
2. Filled Registration form
3. 3x4 sized photo
4. Passport copy, along with copy of visa. If visa is not issued, the copy of entry stamp upon arrival is required.

## 1

**RESIDENCE TITLE**

Visitors planning to stay for more than 90 days should obtain residence permission. Foreign citizens who hold valid foreign passports or equivalent legal documents may visit or reside in Mongolia upon obtaining the required visa from a competent authority of Mongolia.

Request to obtain residence permission must be filed within 21 days after entry to Mongolia.

The following materials are required to obtain residence permission for a foreign citizen who invests in Mongolia:

1. Letter of request from the company;
2. Investor's card, state registration certificate of the company and its copy;
3. A copy of the license if the company operates in a sector that requires a license;
4. A copy of the office lease of the company; Statement from district tax office;
5. Reference from district tax office;
6. Confirmation of investments;
7. Confirmation from Governor of administrative unit where the investor(s) resides;
8. Two passport sized photos /3x4 sm/;
9. Passport and its copy;
10. Declaration.

*An overview of the residence permits required for different types of activity in Mongolia is provided at the Mongolian Immigration Agency website [www.immigration.gov.mn](http://www.immigration.gov.mn).*

Table № 3

<i>www.miat.com</i>	<b>Mongolian Airlines /MIAT/</b>
	UB-Beijing-UB
	UB-Hong Kong-UB
	UB-Seoul-UB
	UB-Tokyo-UB
	UB-Berlin-UB
	UB-Moscow-UB
	UB-Moscow-Berlin-UB
	UB-Singapore-UB
<i>www.hunnuair.com</i>	<b>Hunnu Air LLC</b>
	UB – Manchuria - UB
	UB – Hailar - UB
	Choibalsan – Hailar – Choibalsan
<i>www.aeromongolia.mn</i>	<b>Aero Mongolia LLC</b>
	UB-Hohhot-UB
<i>www.airchina.com</i>	UB-Irkutsk-UB
	<b>Air China</b>
<i>www.koreanair.com</i>	UB-Beijing-UB
	<b>Korean Air</b>
<i>www.turkishairlines.com</i>	UB-Seoul-UB
	<b>Turkish Airlines</b>
	UB-Istanbul-UB

# ***COMPANY INCORPORATION***



***The Government of Mongolia continuously making efforts in enabling business and investment environment. According to the World Bank “Doing Business – 2015” report, Mongolia ranks #42 out of 189 economies in ease of starting a business.***



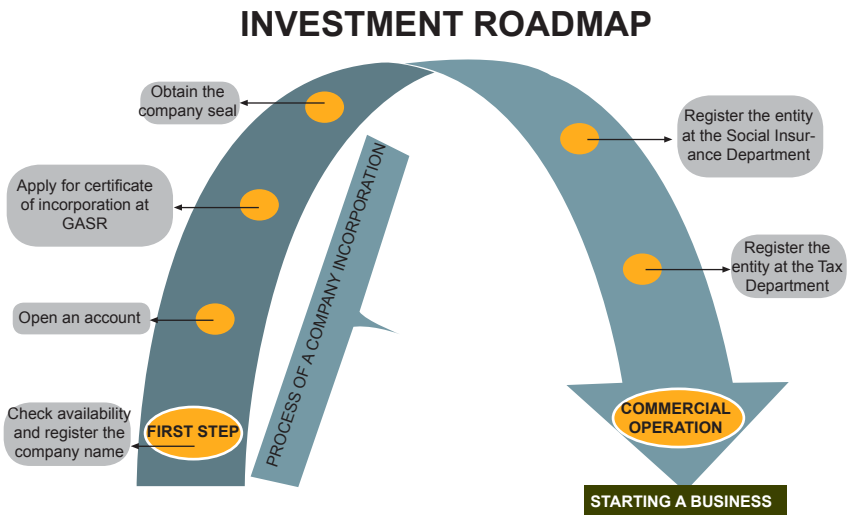


## ESTABLISHMENT PROCEDURE OF A NEW BUSINESS ENTITY WITH FOREIGN INVESTMENT

2

The incorporation of new business entity with foreign investment (BEFI) in Mongolia takes place at the General Authority for State Registration of Mongolia (GASR).

Below are key steps of incorporation a new company in Mongolia:



## List of documents to incorporate a company

Check availability and register the company name /GASR/

1. Original ID of the founder (original passport if founder is foreign citizen)
2. Incorporation via Power of Attorney */Original copy of letter of Attorney, original ID or passport/*
3. Document processing fee 500 MNT needs to be remitted to GolomtBank-1401001101

Open an account /any preferred commercial banks/

Make sure to bring the verification sheet of company's name when fill out UB-10 bank account opening form. Banks might request additional documents.

Apply for certificate of incorporation at General Authority of State Registration

List of documents to incorporate a Business entity with Foreign Investment:

1. Application forms (UB 03-II) (fill 2 copies) /please download: ***www.burtgel.mn***
2. Verification sheet on company name /acquirable at the Registration of Legal Entity division/
3. Notification of Bank account opening
4. Memorandum of Association (Original Decision)for incorporation of a foreign invested company */with certified translation/*
5. A Foreign state owned entity (FSOE) shall obtain approval permission from the respective authority in charge of Investment in

- case it (FSOE) owns 33% or more of total shares in Mongolian company that operates in strategic sector. /original copy/
6. Statute and agreement of company
    - If a company consists of one investor, only the statute is needed,
    - if a company consists of two or more investors, both statute and memorandum of association (notarized copies needed). Samples are available at [www.burtgel.mn/](http://www.burtgel.mn/)
  7. Individual investor asked to bring a passport copy and fill the Investor registration form
  8. Legal entity asked to bring the copy of Certification of Incorporation and company introduction
  9. Investment confirmation /according to the 17<sup>2</sup>.6 Law on State Registration of Legal Entities ,initial threshold is 100'000 USD for each investor
  10. Official company address /2 copies/
  11. Beginning balance sheet /2 copies/
  12. State stamp duty /750.000 MNT to be remitted to Golomt-Bank-1401002649, KhasBank-5001122211/
  13. Power of attorney /if a company is administrative, Power of attorney is not needed/

#### Obtain the company seal

Obtainable within 2 hours at Seal producing company operating at

*All information related to the registration of the company provided on the website of the State Office in Mongolia [www.burtgel.gov.mn](http://www.burtgel.gov.mn)*

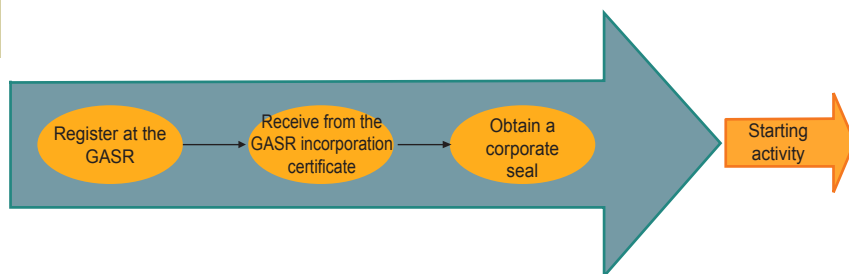
(General Authority of State Registration GASR) and incorporation certificate is necessary to obtain seal.

### Other information:

- The estimate time period of preparing registration documents, obtaining a company name, opening a bank account, translation of documents and possible agency delays of registering a new BEFI is approximately 2 weeks.
- According to the laws of Mongolia, please note a BEFI must apply for a separate registration of social security with the Social Insurance Department of Mongolia as well as submit tax reports to the tax authorities within the prescribed time limit.
- If future business activities of a BEFI require a special permit (license), the BEFI must first be registered with the GASR and update registration information upon applying for and obtaining the permit (license) from respective authorities such as:
  - Ministry of Health and Sport
  - Ministry of Environment and Tourism
  - Ministry of Construction and Urban development
  - Ministry of Education, Culture and Science
  - Ministry of Road and Transportation
  - Information, Communications Technology and Post Authority
  - Mineral Resource Authority
  - Civil Aviation Authority etc.
- If a foreign government owned legal entity holds more than 33 percent of the total shares in a legal entity of Mongolia with principal activities in the following sectors, such foreign government owned entity shall apply for and obtain permission from Respective Authority in Charge of Investment:
  - Mining
  - Bank and finance
  - Media and communication

## ESTABLISHMENT PROCEDURE OF A REPRESENTATIVE OFFICE OF A FOREIGN LEGAL ENTITY

The incorporation of a new representative office of a foreign legal entity in Mongolia takes place at the General Authority for State Registration (GASR).



List of documents needed for setting up a representative office of a foreign legal entity in Mongolia: /GASR/

- Application (UB 03-III) /please download from [www.burtgel.mn/](http://www.burtgel.mn/)
- Introduction and copy of the statute of a foreign legal entity
- Copy of the incorporation certificate of foreign legal entity
- Decision of supreme authority of company assignment to a position /with official translation/
- Statutes of representative office /2 copies and 1 copy of official translation/
- Official address of representative office
- State stamp duty /1.100.000 MNT to be remitted to Golomt-Bank-1401002649, KhasBank-5001122211/
- Power of attorney /If a company is administrative, Power of attorney is not needed/

### Other information:

- A foreign investor may establish its representative office in Mongolia for the purposes legal representation of their parent foreign entity, such as protecting legal interests of the parent and concluding transactions on behalf of the parent;
- A representative office shall not be deemed a legal entity. It is prohibited for a representative office to carry out any commercial activities for the profit earning purposes within the territory of Mongolia;
- Upon obtaining the certificate of representative office from the GASR, the representative office must get a permission to open a bank account from the Tax office of Ulaanbaatar City.
- The Information and related materials with the registration of the new representative office may be subject to change, therefore, please refer to the following website of the GASR  
*[www.burtgel.gov.mn](http://www.burtgel.gov.mn)*

### Contact information:

The General Authority for State Registration (a Government implementing agency) Police Street Sukhbaatar district Ulaanbaatar-14171

**Phone :** +976 -7011-3580, +976-1890,

**Fax :** +976-11-320083

**E-mail :** [contact@registrationmongolia.com](mailto:contact@registrationmongolia.com)

**Website:** <https://burtgel.gov.mn> | [www.burtgel.mn](http://www.burtgel.mn)

# ***COMPANY TAXATION***

*Mongolia is continuously improving  
tax environment through the government's  
commitment by abolishing burdens of tax.*







## CORPORATE INCOME TAX

Taxable income falls under the following three categories:

- Income from activities which include:
  - a) Business activities;
  - b) Capital gains of securities;
  - c) Gains on foreign currency exchange rates.
- Income from property which includes:
  - a) Rental;
  - b) Royalties;
  - c) Dividends;
  - d) Interest

*Income from the sale of property  
(both immovable and movable, except for shares and securities).*

Mongolian corporate income tax uses the progressive rate sale of 10% and 25%.

- 10% applies to annual income of up to 3.0 billion MNT
- 25% applies to the amount in excess of 3.0 billion MNT

Certain types of income may be taxed at different tax rates.

Table № 4

Source of income	Applicable tax rate
Dividends	10%
Royalties	10%
Interest	10%
Gambling, betting games and lotteries	40%
Sale of immovable property (gross)	2%
Sale of rights (gross)	30%

*Mongolia is one of the countries with the lowest tax rate in the Asia Pacific region with 10% and 25% for corporate income tax, 10% for individual income tax and VAT rate of 10%.*

## VALUE-ADDED TAX

VAT is imposed at the rate of 10% on the supply of taxable goods and services in Mongolia and on imports into Mongolia.

Taxpayers are required to register with the tax authorities for Mongolian VAT purposes when their taxable turnover exceeds 10,0 million MNT. Taxpayers may also voluntarily register when their taxable turnover reaches 8,0 million MNT or if they have invested more than USD\$2,0 mil in Mongolia.

VAT is levied on the following in Mongolia:

- Work performed or services rendered in Mongolia;
- Goods sold in Mongolia;
- Goods imported into Mongolia to be sold or used; and
- Goods exported from Mongolia for use or consumption outside Mongolia.

*10% rate of VAT is imposed on (i) the supply of taxable goods and services in Mongolia, (ii) exports from Mongolia and (iii) imports into Mongolia. Exported goods and services are taxed at 0% rate and are listed in the law.*

## CUSTOMS DUTY

Most imported goods are subject to 5% ad valorem Customs duty while others are subject to seasonal duties. Certain goods for export are subject to specific Customs duties. Any person (physical or legal) engaged in foreign trade is liable to pay Customs duties, as well as some other taxes and fees upon importation or exportation of goods.

*You can find more information from the Mongolian Customs Office at [www.ecustoms.mn](http://www.ecustoms.mn) or through its hotline 1800-1281*

## 3

## PERSONAL INCOME TAX

A permanent resident taxpayer of Mongolia is subject to tax on his/her world-wide income. A permanent resident taxpayer of Mongolia is:

- An individual who owns a residence in Mongolia; or
- An individual who resides in Mongolia for 183 or more days in a tax year.

A non-resident taxpayer of Mongolia is subject to tax on the income earned in the territory of Mongolia in a tax year. A non-resident taxpayer of Mongolia is:

- An individual who has no residence in Mongolia and has resided in Mongolia for 183 or less days in a tax year.

*For more information on the taxation please contact the General department of taxation: on [www.mta.mn](http://www.mta.mn) or hotline 1800-1288*

Table № 5

Source of income	Applicable tax rate
Employment income	10%
Business and professional income	
Property, i.e. dividends, royalty, interest, capital gain from sale of securities/stocks	
Sale of immovable property (gross)	2%
Scientific, literary artistic works, inventions, product; designs and useful designs (gross)	5%
Designs and useful designs (gross)	
Sport competitions, art performances, and similar income (gross)	
Betting games, gambling and lotteries (gross)	40%

3

## TAX TREATIES

Bilateral foreign tax credits are only available to residents of Mongolia. To avoid double taxation, Mongolia uses the ‘tax sparing method’. In this case, the amount of foreign tax paid is allowed as a credit against the Mongolian tax payable on the same income or capital. However, the amount of such tax credits should not exceed the amount of tax payable on the same amount of income in Mongolia.

The chart below shows the withholding tax rates (in percent) on Mongolian source dividends, interest and royalties remitted to a resident of other contracting state where the income is not connected with a permanent establishment in Mongolia.

Mongolia has currently concluded Avoidance of Double Taxation Agreements with 25 countries. The Double Taxation Agreements with State of Kuwait were terminated. It will remain in force until April 01 2015 /Table № 6/

Table № 6

№	Countries	Signed in	In force	Divi- dends (%)	Interest (%)	Royal- ties (%)
1	Austria	2003.07.03	2004.01.01	5-10	10	5-10
2	Belgium	1995.09.26	1999.01.01	10	10	5
3	Bulgaria	2000.02.28	2001.01.01	10	10	10
4	Canada	2002.05.27	2003.01.01	10-15	10	5-10
5	China (P.R.C)	1991.08.26	1993.01.01	5	10	10
6	Czech Republic	1997.02.27	1999.01.01	10	10	10
7	France	1996.03.18	1999.01.01	5-15	10	5
8	Germany	1994.08.22	1997.01.01	5-10	10	10
9	Hungary	1994.09.13	1997.01.01	5	10	5
10	India	1994.02.22	1994.01.01	15	15	15
11	Indonesia	1996.07.02	1998.01.01	10	10	10
12	Kazakhstan	1998.03.16	2000.01.01	10	10	10
13	Korea (R.O.K)	1992.04.17	1992.01.01	5	5	10
14	Kyrgyzstan	1999.06.20	2001.01.01	10	10	10
15	Kuwait	1998.03.18	1999.01.01	5	5	5
16	Malaysia	1995.07.27	1997.01.01	10	10	10
17	North Korea (DPRK)	2002.10.03	2005.01.01	10	10	10
18	Poland	1997.04.18	1998.01.01	10	10	5
19	Russia	1995.04.05	1998.01.01	10	10	-
20	Singapore	2001.08.16	2005.01.01	10	10	5
21	Switzerland	1999.09.20	2000.01.01	5-15	10	5
22	Turkey	1995.09.12	1997.01.01	5-15	10	10
23	Ukraine	2002.07.01	2003.01.01	10	10	10
24	Northern Ireland	1996.04.23	1997.01.01	5-15	10	5
25	Vietnam	1996.05.09	1997.01.01	10	10	10

## TAX INCENTIVES

According to the Law on Investment of Mongolia, one of the investment promotions for investors is tax incentives.

The tax incentives are granted to investors in the following types:

- to exempt from taxes;
- to render tax incentive;
- to calculate the deductible depreciation expense through the accelerated method;
- to calculate the deductible loss by carrying it forward to the future revenue;
- to deduct the employee training expenses from the taxable revenue.

Imported machinery and equipment may be exempted from the customs duty and VAT during the construction works in the following cases:

- to build construction materials, oil and agricultural processing and export product plants;
- to build plants to use nanotechnology, bio technology and innovation technologies;
- to build power plant and railway.

*Tax incentives are provided through the tax laws.*

## TAX DECLARATION

Tax reports are submitted to the tax office by the taxpayer, tax agent or their representative. Since 2013, the tax administration has launched the e-filing online system. Taxpayers are allowed to submit electronic tax reports once they obtain the e-signature from the tax authority.

## TAX STABILIZATION

3

The legal entity which is going to implement an investment project in Mongolia can obtain Stabilization certificate upon application if it meets the requirements specified in the Law on Investment of Mongolia (2013). Stabilization Certificate is a certificate issued by the Invest Mongolia Agency for the purposes of stabilizing tax rates for a specified period of time.

The rates of the following four taxes are stabilized under the stabilization certificates from 5 up to 18 years depending on the size and target region of investment:

1. Corporate Income Tax;
2. VAT;
3. Customs Tax; and
4. Royalty.

Criteria for issuing the stabilization certificate:

- Thresholds based on the regions;
- Environmentally friendly;
- New technology & know-how; and
- Stable job creation.

The *Table №7* below illustrates the scope of Stabilization Certificates for the minerals, heavy industry and infrastructure development sectors.



The Table №8 covers all other sectors. The Investment Law does not apply to investments in the nuclear energy sector, which are governed by the Nuclear Energy Law.

MINERALS, HEAVY INDUSTRY OR INFRASTRUCTURE DEVELOPMENT SECTOR

Table № 7

Investment Value (MNT in billions)					Stabilization Timeframe	Invest the Amount within (years)
Ulaanbaatar	Central Region	Midwest Region	Eastern Region	Western Region		
10-30	5-15	4-12	3-10	2-8	5	2
30-100	15-50	12-40	10-30	8-25	8	3
100-200	50-100	40-80	30-60	25-50	10	4
200 and more	100 and more	80 and more	60 and more	50 and more	15	5

OTHER SECTORS

Table № 8

Investment Value (MNT in billions)	Stabilization Timeframe (years)					Invest the Amount in the 1st column within (years)
	Ulaanbaatar	Central Region	Midwest Region	Eastern Region	Western Region	
30-100	5	6	6	7	8	2
100-300	8	9	9	10	11	3
300-500	10	11	11	12	13	4
500 and more	15	16	16	17	18	5

The Invest Mongolia Agency may extend by two years the time period within which the investment must be made, upon an investor's application. Furthermore, the duration of the Stabilization Certificate may be extended by 1.5 times.

If in the Agency's opinion:

- The investment project plans to produce or manufacture goods for import or export that will contribute to Mongolia's long term sustainable social and economic development. In addition, the planned investment value, based upon a feasibility study, must exceed MNT 500 billion and the project development must be expected to last for more than 3 years.
- The investment project produces value added goods for export.

*Tax returns can be submitted electronically in [www.e-tax.mta.mn](http://www.e-tax.mta.mn)*

*For further information on stabilization certificate, please contact  
Invest Mongolia Agency:  
[www.investmongolia.com](http://www.investmongolia.com), contact [info@investmongolia.com](mailto:info@investmongolia.com)*

***NOTE***

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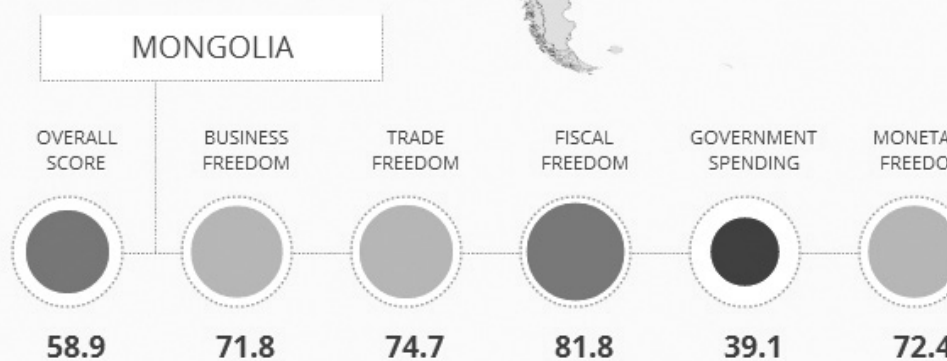
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*The Government of Mongolia has consistently pursued policies that improve the business environment and increase the country's competitiveness. In World Bank's "Doing Business 2015" report Mongolia ranks #72 and in Forbes "Best Countries for Business" Mongolia ranks #63.*



LEVEL OF ECONOMIC FREEDOM

100-80

79.9-70

69.9-60

# DOING BUSINESS



59.9-50

49.9-0

N/A

SELECT A CATEGORY

### LEGAL FRAMEWORK

The Mongolian legal system is based on the Roman-German (continental) legal system. The principal legal act is the Constitution (1992). In many cases, laws are worded vaguely, leaving latitude for alternative interpretations.

Economic and business activities in Mongolia are regulated by a variety of laws, including the Company Law of July 2, 1999 (revised substantially on September 13, 2007); the Civil Code of January 10, 2002; the Law on Investment of October 4, 2013, and many others.

The Arbitration Law of 2003 regulates arbitration disputes. In the drafting of contracts in Mongolia, in most cases, parties are free to select international arbitration as the method for the resolution of disputes of certain types of international trade, contractual and non-contractual civil disputes. Mongolia is signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), which mandates that arbitration awards made within the Territory of Mongolia are enforceable in Mongolia and other countries that are parties to the New York Convention.

*Mongolia keeps improving its legal environment by introducing new law and modifying existing laws for good will and better subsistence.*

#### **New “Glass Account Law”/ Transparency Law (2015/01/01)**

*(Only applicable to public entities or if private Entities involved with public funded projects)*

The objective of this law is to make budget and operations of a country, provinces and state enterprises more transparent, open and coherent to public, so that it will be under public monitoring.

## Law Principles:

Information should be accurate, correct and complete with up to date, consistent and prompt delivery, in order to be coherent and substantive to public. Information should be transparent, despite those that are approved confidential by the law.

Entities requested to publish information on their website. Technical requirements for the website are:

- Separate segment for the Glass Account
- Downloadable and printable information
- Contact details of the person in-charge are visible
- Information update on regular basis - save the information in the archive, enable public access into archive, enable download and print information in the archive.

## Modified Law on Petroleum (2014/07/01)

Modification objectives are to create favorable environment by applying international standards to create coherent and transparent law framework to investors and avoid infringement of the rights of an investor.

During first 5 years of oil and gas, imported equipment, raw materials, chemicals and explosives implementation in non-traditional oil and gas exploration is exempted from customs duty and VAT. Oil, gas, coal and oil shale producing equipment will be exempted from customs and VAT duty until the year 2018.

## Modified Mineral Law (2014/07/01)

Modification objectives are firstly, to protect legal rights of an investor through implementation of ordinary and simple termination process, and secondly, to simplify license obtaining procedure by applying “first come first serve” basis.

### INTERNATIONAL TREATIES AND AGREEMENTS

Mongolia is a party to many international treaties in various areas, from the protection of the environment to free trade, the protection of foreign investments, and the avoidance of double taxation. Mongolia has been a member of the WTO since 1997. Mongolian legislation recognizes the primacy of International Treaties in cases of conflict with domestic legislation.

With respect to foreign investment, Mongolia is a signatory to the Washington Convention on the Settlement of Investment Disputes between the State and National of Another State (1965, joined in 1996), which provides the settlement of international investment disputes. It is also a signatory to the Seoul Convention on Investment Guarantee Agency (MIGA) since 1999, which ensures the eligibility of foreign investors for risk insurance through MIGA.

#### 4

Mongolia is continuously improving its trade policy and investment environment on global level. Mongolia has introduced its investment strategy and policy to WTO and United Nations in order to be analyzed by international reviews. WTO's Trade Policy Review and World Investment Report by UNCTAD delivered positive evaluation on Mongolian legal and investment environment.

*Trade Policy Review 2014:*

***[www.wto.org/english/tratop\\_e/tpr\\_e/s297\\_e.pdf](http://www.wto.org/english/tratop_e/tpr_e/s297_e.pdf)***

*World Investment Report 2014:*

***[www.unctad.org/en/PublicationsLibrary/wir2014\\_en.pdf](http://www.unctad.org/en/PublicationsLibrary/wir2014_en.pdf)***

Mongolia has negotiated bilateral agreements with numerous countries. Encouraging and Mutual Protection of Investment Agreements have been negotiated with 43 countries and Exemption on Double Taxation Agreements have been negotiated with 25 countries.



**List of Bilateral Investment Agreements concluded by Mongolia, as of 31 Dec 2014:**

*Table № 9*

1	Austria	23	Kuwait
2	Belarus	24	Kyrgyzstan
3	Belgium and Luxembourg	25	Lao PDR
4	Bulgaria	26	Lithuania
5	China	27	Malaysia
6	Croatia	28	Netherlands
7	Cuba	29	Philippines
8	Czech Republic	30	Poland
9	Denmark	31	Qatar
10	Egypt	32	Romania
11	Finland	33	Russian Federa- tion
12	France	34	Singapore
13	Germany	35	Sweden
14	Hungary	36	Switzerland
15	India	37	Tajikistan
16	Indonesia	38	Turkey
17	Israel	39	Ukraine
18	Italy	40	United Arab Emirates
19	Japan	41	United Kingdom
20	Kazakhstan	42	United States
21	Korea, DPR	43	Vietnam
22	Korea, Republic of		

## **BANKING, FINANCE AND INSURANCE**

### **Banking System**

Since 1991, Mongolia has had a two-tier banking system. The Bank of Mongolia is the central bank of Mongolia and represents the upper (first) tier of the banking system of Mongolia. All other banks represent the lower (second) tier of the banking system.

The Bank of Mongolia formulates and implements monetary policy by regulating money supply through charges in reserve money to achieve its main objective of currency stability, according to the Central Bank of Law of 1996. The BOM has focused on price and exchange rate stability, while ensuring adequate money supply.

The banking sector has been one of the most attractive sectors for foreign investors in recent years and has attracted considerable investor interest from Japan, the USA, Russia, and other countries. Though most of the major banks are financed in part by foreign investors, at present, only two foreign banks have representative offices in Mongolia: ING and Standard Chartered Bank.

Based on regulations adopted during 2011, the minimum capital requirement for commercial banks has increased from MNT 8 billion (approximately USD 6 million) to MNT 16 billion (approximately USD 12 million). This requirement is effective 1 May 2013. Foreign banks may establish local subsidiaries no earlier than one year after the establishment of their Mongolian representative offices. Further, the minimum share capital requirement for a Mongolian subsidiary of a foreign bank is set at USD 50 million. As a result, consolidation of the banking sector is expected in the following years.

The largest commercial banks are rated by the international rating agencies and have plans for IPOs in the following years. Bond issues are expected to be a first step for establishing reputation on the international market before proceeding with IPOs.

The profitability of banks is high compared to most advanced countries. Risk aversion of banking sector is relatively high, though it has been gradually reducing. Investments in financial instruments are not sophisticated and a significant portion of assets relates to the investment in cash and bills issued by the Central Bank or other instruments guaranteed by the Government of Mongolia.

*Website of the Bank of Mongolia and all 14 commercial banks are provided in the chapter Contacts.*

## Capital markets

Mongolia's capital market first emerged in 1992. As of today in Mongolian capital market work 320 companies and 91 professional participants.

The Mongolian government has a policy since 2010 to make changes in the capital market laws in order to bring it into the international standards. The Parliament of Mongolia adopted in 2013, "Law on Investment funds" and "Law on Securities Market" of Mongolia, both of which entered into force on 1 January 2014.

The newly passed Law on the Securities Market has the main four objectives:

1. To improve the security registration procedure:
  - Detailed regulation of listing and initial public offering;
  - Allow dual listing;
2. To attract foreign investment inflows;
  - Introduce custodian banks and investment funds;
  - Decentralize overaccumulation of shares;
  - Protect rights and interests of investment community.

3. To improve market convertibility:
  - allow DRs, derivative instruments, assetbacked securities,
  - allow OTC transactions;
  - allow dual listing.
4. To increase market transparency:
  - require greater disclosure;
  - promote better governance;
  - introduce self-regulating industry group.

### Law on Investment Fund

4

The purpose of this Law is to regulate matters regarding establishment of an investment fund, undertaking fund operations, protecting investor's interests, and regulation and supervision of the fund operations by an authorized state organization.

This Law shall regulate matters related to granting special permits for [establishment of] an investment fund, undertaking management of fund assets, taking into custody and registering fund assets, distribution of information to investors and relations related to operations by the securities market's regulated legal entities which will provide services to an investment fund.

In other words, Law on Investment Fund allows SMEs and companies to expand their businesses by attracting investment. On the other hand, it gives new chance for citizens to hold shares and to get a share of revenues from economic growth by receiving professional investment management system.

*Full Law on Investment Fund is available on the website of Financial Regulatory Commission of Mongolia [www.frc.gov.mn](http://www.frc.gov.mn)*

## Insurance sector

Insurance activities in Mongolia are regulated by the Insurance Law of Mongolia, which was approved in 2004 and enforced in 2005, and Insurance Intermediaries Law and Driver's Insurance Law. Under these laws, the Financial Regulatory Commission of Mongolia (FRC) is responsible for regulating insurance companies through its adoption of regulations and issuing insurance contracts with insurance companies that have not obtained a license from the FRC, including foreign insurance companies, unless FRC approval is obtained. At present the regulatory minimum share capital is MNT 2,75 billion (approximately USD 1.6 million) and expected to increase to MNT 5 billion (approximately USD 3 million) in 2017.

The Mongolian insurance market is at an early stage of development with insurance penetration (premium income as a share of GDP) of only 0.5%, though it is growing at fast rate. In the last five years total assets have more than tripled, whilst the gross written premium has doubled. At present the insurance sector consists of 17 insurance companies; 16 general insurance and one life insurance Company. The top five largest insurance companies represent more than 70% of gross written premium. The majority of insurance products cover property and liability insurance. As the size and financial strength of Mongolian insurance companies is limited, high risk and high value insurance policies are usually reinsured with international reinsurance companies.

Mining sector growth is expected to be the key driving force behind the expansion of the Mongolian insurance industry. Workers, equipment, infrastructure, and mines themselves will all need to be covered as projects become operational. Rapid expansion planned for the following years, however, necessitates further improvements in capital management, as well as insurance and financial risk management and other internal process of insurance companies.

At present time, there are 17 insurance companies, 24 insurance broker firms, 17 insurance loss adjuster firms, 15 professional actuaries and 3,400 insurance agents are operating in Mongolia.

*Financial Regulatory Commission of Mongolia (FRC) is responsible for supervision of financial institutions including insurance companies, savings and credit cooperatives and non- banking financial institutions.*  
*<http://www.frc.mn/>*

### Land & Real estate

Office space in Ulaanbaatar remains considerably cheaper than in the neighboring countries although there are an increasing number of new buildings that offer A-Class office space.

Renting an apartment costs anywhere from USD 500 a month for a reasonable two-room apartment in the suburbs to as much as one is willing to pay for a five to six-room flat fully furnished (with local or foreign furniture) in the city's centre. It is important to confirm that the person renting the property has its legal title and, therefore, the right to lease the apartment. In addition, proper identification and a simple lease agreement in Mongolian and English should be obtained. Leases, at a very minimum, should state the terms of renting the property and should form the basis for a working relationship and understanding with a landlord. In some arrangements, the landlord agrees to cover utilities charges (except international phone charges) and to carry out basic repairs.

Foreigners are entitled to own buildings in Mongolia but not land. Landlords are unwilling to consider rental periods of less than three months, especially for residential accommodation. There are a number of real estate agencies that can offer assistance in this and other areas for reasonable fee.

## Business Information & Costs

Table № 10

Time	Add 8 hours to GreenwichMeanTime
Working hours	Government offices- 08.00-17.00, with a one-hour lunch break 12.00-13.00 Some Private organizations - 09.00-18.00, with a one-hour lunch break 13.00-14.00
Public holidays	NewYear - January 1 Mongolian NewYear (TsagaanSar) - 3 days in January/ February InternationalWomen’s day - 8 March Mothers and Children’s Day - 1 June National Holiday (Naadam) - 11-13 July Chinggiskhan’s birthday - in November National Freedom and Independence Renaissance Day 29 Dec
Electric current	220 volts/50 HZ
Weightand measures	Metric System
Communication	Country code - 976, area code for Ulaanbaatar – 11
Mainports	Chinggiskhaan ( International airport in Ulaanbaatar) Sukhbaatar (railway station on Mongolian-Russian border) ZamynUud (railway station on Mongolian-Chinese border)
Rail links	Irkutsk, Moscow (Russia) /Trans-Siberian Rail/ Huhhot, Beijing (China) /Trans-Siberian Rail/
Sea access	Tianjin/China (1.344 km) Nakhodka/Russia (4.037 km)

Officerent Average costs as of December 2014

Table № 11

Office space rent	1 m2	In the center of Ulaanbaatar	40000 - 45000 MNT
		Suburb of Ulaanbaatar	30000 - 35000 MNT
Factory rent	1 m2		10000-12000 MNT
Storage rent	1 m2		10000-12000 MNT

Table № 12

Payment Type		Unit	Unit Price (MNT)	
			With VAT	Without VAT
Electricity	Business entity	kWh	124.20	136.62
	CHP 1 tariff	kWh	124.20	136.62
	CHP 2 tariff	kWh	72.80	80.08
	House holds 1 tariff	kWh	100.00	110.00
	House holds 2 tariff	kWh	72.80	80.08
	House holds till 150	kwh	94.10	103.51
	Households more than 150	kWh	113.90	125.29
	Monthly base rate for electricity of households		1,000.00	1,100.00
Heat	Apartment	M2	400.00	440.00
	Apartment	Giga calorie	9,085.00	9,993.00
	Basement, Restroom	M2	400.00	440.00
	Business entity	M3	398.00	437.80
	Calculate by measure	Giga calorie	25,999.00	28,598.90
	Thermal usage service for households			
	Apartment till 40 m2	M2	3,000.00	3,300.00
	Apartment from 40 m2 till 80m2	M2	5,000.00	5,500.00
	Apartment more than 80m2	M2	10,000.00	11,000.00
Hot Water	Household Usage (per person)	summer	2,218.00	2,439.80
		winter	1,478.00	1,625.00
	Business Entity	Giga calorie	5,231.00	5,754.10



## HOTELS

- **Chinggis Khan hotel**  
Tokyo Street - 10, Ulaanbaatar - 49, Mongolia.  
Tel: +976-7000-0099  
Fax: +976-11-312788
- **Ulaanbaatar hotel**  
Sukhbaatar Square 14, Ulaanbaatar 210645, Mongolia  
Tel: +976-11-320620, 976-70116688  
Fax: +976-11-324485  
E-mail: [reservations@ubhotel.mn](mailto:reservations@ubhotel.mn)
- **Corporate hotel**  
9-2 Chinggis Avenue, Sukhbaatar District-1, Ulaanbaatar, Mongolia  
Tel: +976-11-334411  
Fax: +976-11-334422  
E-Mail: [mail@corporatehotel.mn](mailto:mail@corporatehotel.mn)
- **Bayangol hotel**  
Chinggis Avenue – 5, Ulaanbaatar 210643, Mongolia  
Tel: +976-11-312255,  
Fax: +976-11-326880  
Email: [info@bayangolhotel.mn](mailto:info@bayangolhotel.mn)
- **Kempinski hotel Khan Palace**  
East Cross Road, Peace Avenue, Bayanzurkh District, Ulaanbaatar, Mongolia  
Tel: +976-11-463463  
Fax: +976-11-463464





# *LABOR EMPLOYMENT*

*All foreign employees, apart from employees of embassies or organizations set up through special treaties, must be paid in Mongolian tugrik bank accounts in Mongolia, per the Law of Mongolia on Conducting Settlement in National Currency of July 9, 2009. Foreign workers are free to transfer their salaries overseas.*

### **LABOR LAW**

Legislation in relation to employment and social protection of foreign nationals in Mongolia and Mongolian nationals in foreign investment companies consists of:

- Labor Code;
- Law on Legal Status of Foreign Citizens;
- Social Insurance Law;
- Law on Sending Labor Force Abroad and Receiving Labor Force and Specialist from Abroad;
- Law on Supporting Employment;
- Law on Investment;
- Other legislation (such as on social insurance).

*Labor relations in Mongolia are largely regulated by the Labor Code of Mongolia of May 14, 1999.*

## **5**

### **TERMS OF EMPLOYMENT**

According to the Labor Law of Mongolia, employment contracts or employment agreements (determined by position or by the type of work performed) define the terms of employment. There are no legally fixed form exist for a contract of employment. Nonetheless, it is mandatory to define as the following terms in the employment contract/ agreement:

- The title/job position of the employee;
- The job description of the employee;
- The salary of the employee;
- The level of labor condition.

In addition, it is advisable to cover the following topics in the employment contract/agreement:

- The description of the location and activity of employment;
- The date of appointment and notice periods;
- The daily or weekly working time;
- A probationary period;
- Vacation entitlement;
- Contractual penalties.

### **Working hours**

Standard working hours in a day are 8 hours, or five working days total of 40 hours a week, with special provisions for seasonal shift work, such as the extractive industries or agriculture. Employees have the legal right for at least 15 working days of paid vacation in a calendar year.

### **Salaries and wages**

Salaries are established by the employer independently, but may not be lower than minimum wage fixed by the Government of Mongolia. The minimum monthly wage is MNT 192,000 (as of Jan 01, 2014). Wages for a skilled worker with English language skills and a degree from a Western university are significantly higher.

## **SOCIAL SECURITY SYSTEM**

Citizens of Mongolia and foreign citizens employed on a contract basis by all types of employers (e.g., businesses, government, religious or other non-government organizations, foreign invested businesses) are subject to the compulsory social insurance. Both the employer and the employee are subject to social insurance taxes at the following rates which are tax-deductible:

*Table № 13*

Type of insurance	Employer tax	Employee tax
Pension insurance	7%	7%
Benefit insurance	0.50%	0.50%
Health insurance	2%	2%
Industrial accident and occupational disease insurance	1-3%	N/A
Unemployment insurance	0.5%	0.5%

Employee rates are total 10%, but are capped at MNT 192.000 per month. Employer contribution is not capped and ranges from 10-13% depending upon their industry.

Employer must procure the social insurance book for the employee upon signing the employment agreement and make payments monthly.

## **FOREIGNER’S EMPLOYMENT**

Individual (not corporate) shareholders or Chief executive officers of a foreign invested company do not need work permits in order to work in Mongolia. These categories of non-Mongolian employees qualify for Investor’s Card issued by the General Authority for State Registration of Mongolia and the accompanying T-type visa and a long term residence permit. Holders of a T-visa are exempt from paying the work place fee.

### **Work permits**

All foreign employees, apart from employees of embassies or multilateral institutions set up through conventions and treaties of Mongolia, must be paid in MNT in accordance with the Law of Mongolia on Conducting Settlement in National Currency of July 9, 2009. Foreign workers are free to transfer their salaries overseas.

Obtaining work permits can be time-consuming, generally taking four weeks prior to an entry and additional two weeks after the entry. Before the arrival a single entry work visa must be applied to the Mongolian embassy.

After entry the foreign worker must be registered within seven calendar days at the Immigration Agency or face a fine of up to MNT 1,000,000. While provisional approval for a work permit must be applied for and obtained before entry, once the foreign worker has entered Mongolia the actual work permit must be obtained from the Ministry of Labor.

Once the work permit has been obtained, the single entry work visa must be extended to a long term multiple entry visa. Additionally, the long term residence permit must be obtained from the Immigration Agency.

*For further detailed information please visit the  
Immigration Agency's website,  
[www.immigration.gov.mn](http://www.immigration.gov.mn) Contact 1900-1882/ 7013-3457*

## Quotas

The Government of Mongolia sets foreign worker quotas, for both locally-owned and foreign-owned companies operating in Mongolia. Depending on the sector, the quota ranges from 5% to 80% of total workforce of a company. The total amount of investment and total number of employees of a company influence its quota. The default business activity of all foreign invested companies is “foreign trade” which has the quota of 5%. This means that a company must maintain 20 Mongolian employees for every 1 foreign employee. Quotas may increase depending on the sector. For instance, companies in mining or exploration business have a quota of 10%, while a company extracting oil or natural gas may maintain a non-Mongolian workforce of up to 80%.

Documents required for issuing the work permit by the Labor Ministry of Mongolia:

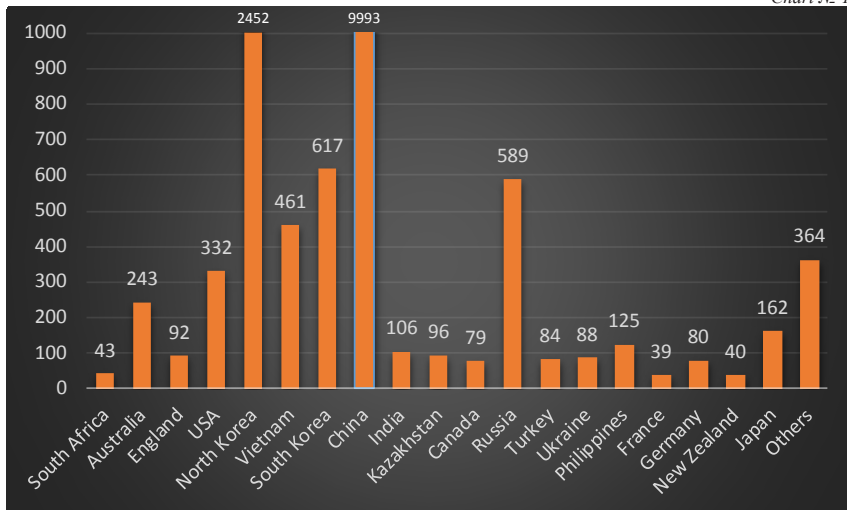
- Recommendation letter from the head of the administrative unit;
- Request letter for the permit of organization residence;
- Copy of State Registration certificate of the employer; Copy of special permits of the employer;

- Copy of the valid passport with visa of the employee;
- Bank receipt of payment of service fee  
*/15,000 MNT per person remitted to: Treasury bank -900037003/;*
- Fee of work permit in Mongolia  
*/2,000 MNT remitted to: Treasury bank -900037003/;*
- One recent photo /3x4/A work place fee in the amount of 384,000 MNT per month of the work permit  
*/remitted to: Treasury bank-900037003/*
- Fill the application form

### Foreign employee labor market:

Foreign nationals working in Mongolia  
(By countries)

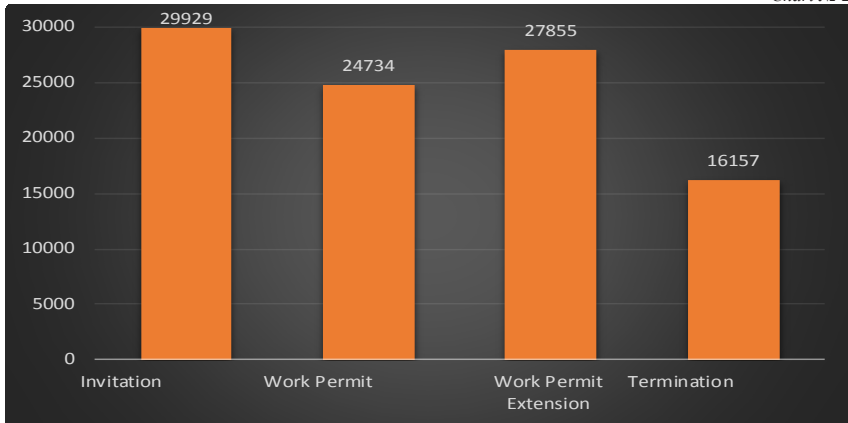
Chart № 1





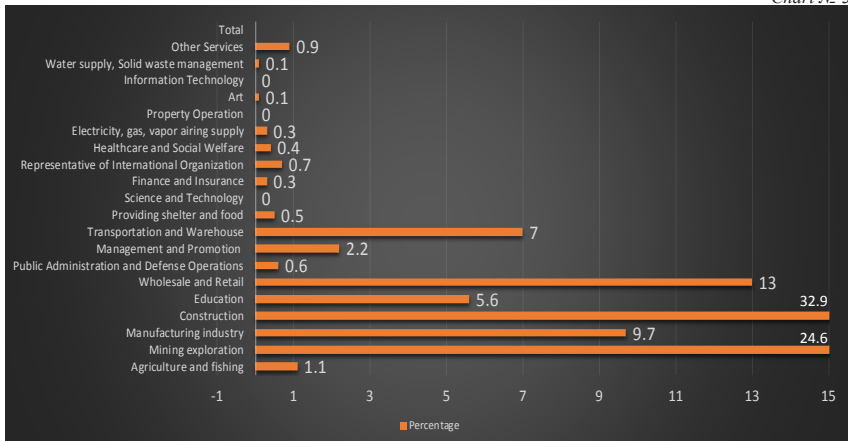
### Employment services provided to foreigners

Chart № 2



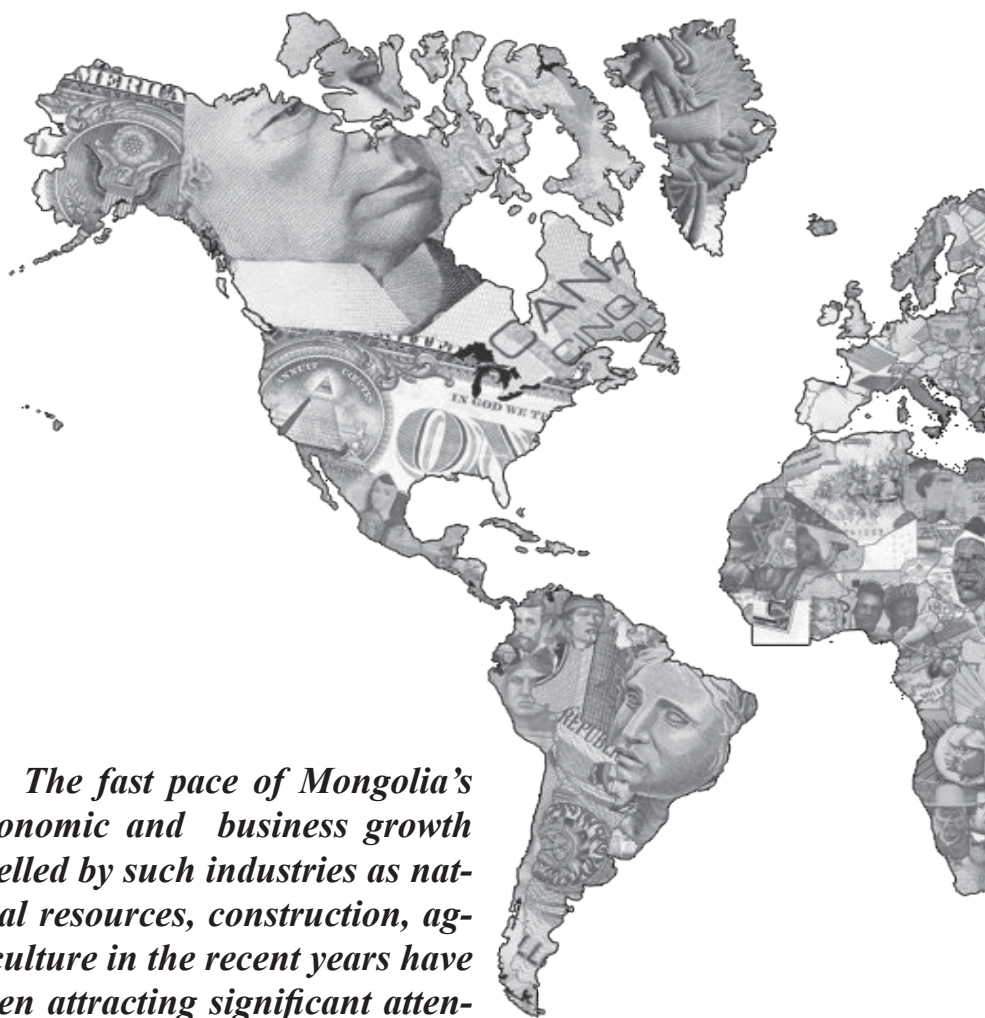
### Foreign Employees by Working Sector

Chart № 3



5

For more information on foreign employment, please visit  
Center for employment services website  
[www.ces.gov.mn](http://www.ces.gov.mn) contact no.70137003



*The fast pace of Mongolia's economic and business growth fuelled by such industries as natural resources, construction, agriculture in the recent years have been attracting significant attention from investors worldwide.*

# ***FOREIGN INVESTMENT***



### **LAW ON INVESTMENT (2013)**

The State Great Hural, Mongolia's Parliament, has passed a new investment law, which has come in effect since 1 November 2013. The Law dramatically alters the investment landscape in Mongolia.

The Investment Law eliminates the previous restrictions on private foreign investment, reduces governmental approval requirements for foreign state investment, introduces a simpler and more open investment process, establishes a new, dedicated agency to assist with the process, and provides an array of investment incentives.

#### **A more open landscape**

Under the Investment Law, any investor domestic or foreign may invest in any industry of economy without any limitation or government approval. The only exception applies to a foreign state-owned enterprise (SOE) which acquires more than 33 percent in equity of a legal entity operating in the areas of minerals, telecommunication, media or banking/ financial sectors. Such SOE must obtain a prior approval from the Invest Mongolia Agency. A foreign SOE is defined as an entity of which a foreign sovereign state owns, directly or indirectly, more than 50 percent of equity.

Also, the Investment Law eliminates much broader restrictions on private foreign investment in the minerals, telecommunication and banking/ financial sectors that previously existed, removes Parliament from the approval process where foreign SOE's are involved, and ends the distinction between foreign and domestic investors.

### **LAW ON CONCESSION**

The purpose of this law is to regulate matters related to the organization of tenders for granting investors concessions over state and local own property, the conclusion, revision and termination of concession agreements, and the settlement of disputes.

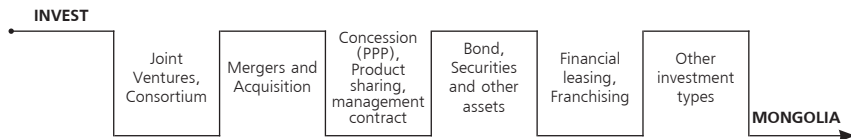
## Public-Private Partnership (PPP) Strategy

- Policy development, dissemination, monitoring and enforcement.
- Individual project sponsorship, design, preparation, execution and monitoring.
- Financial management of funded and contingent obligations.

## Foreign entities doing business in Mongolia

The Investment Law stipulates that a foreign entity must either be incorporated as a business entity with foreign investment (BEFI) or as a representative office in order to conduct any activity in Mongolia. A BEFI is defined as an entity that is incorporated in Mongolia and of which at least 25 percent of the equity is held by a foreign investor(s) whose minimum contribution to the entity is US\$100,000, per such investor. A representative office is defined as an entity that is established in Mongolia solely to operate as a representative office of a parent foreign entity such representative office does not have the power to earn revenue from business activity in Mongolia.

### INVESTMENT TYPES



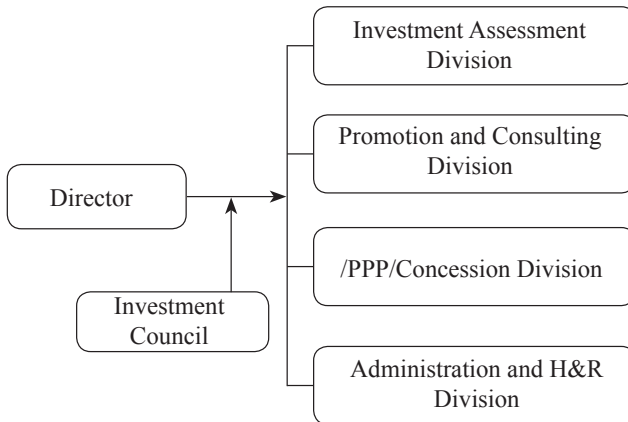
6

*The 2013 Law on Investment of Mongolia is available at Invest Mongolia Agency's website [www.investmongolia.com](http://www.investmongolia.com)*

### INVEST MONGOLIA AGENCY IMPLEMENTING THE LAW AND ASSISTING INVESTORS

The Investment Law establishes the Invest Mongolia Agency to implement the Investment Law, to issue tax stabilization certificates (Stabilization Certificates) to qualified Investors and to make decisions with regard to investments by foreign SOE's. In addition, the Invest Mongolia Agency has the mandate to assist investors – both foreign and domestic - in planning their investments and to protect their interests and rights.

Organizational chart of Invest Mongolia Agency:



Main functions of Invest Mongolia Agency:

- Promote Mongolia internationally;
- Provide consulting and one-stop online services to foreign investors wishing to establish a business in Mongolia;
- Support FDI and registering new foreign investments;

- Promote investment climate & opportunities of Mongolia internationally;
- Render support to investors in planning their investments;
- Issue a Stabilization certificate to eligible investors;
- Maintain a registry of the stabilization certificate holders;
- Render support in continued stable investment.
- Together with the relevant state administrative authority, prepare tender documents and announce the tender, organize and evaluate it;
- Enter, with the concessionaire and other entities, into a concession and such other related agreements as contracts of the concessionaire to obtain financing;
- Adopt legally binding norms when specifically authorized to do so by legislation;
- Provide methodological and expert assistance to other relevant authorities on matters related to granting and implementing concessions.

## **Investment Agreement with the Government of Mongolia**

The Investment Law provides any entity whose investment value will exceed MNT 500 billion with an option to enter into an Investment Agreement with the Government of Mongolia. An Investment Agreement may stipulate a longer stabilization period than the timeframes set in the Investment Law. The Agreement may include the legal protection stipulated in the Investment Law, as well as tax stabilization terms and other financial incentives and benefits.

*Other tax and non-tax investment incentives and benefits are available in accordance with the relevant law of Mongolia.*

## PUBLIC-PRIVATE PARTNERSHIP PROJECTS

Table № 14

№	Project Name	Type of PPP	
One. Infrastructure and construction sector projects			
1	Center for Transportation and logistics in western part of Ulaanbaatar city	Design Build Own Operate	Available for investment
2	Center for Transportation and logistics in eastern part of Ulaanbaatar city	Design Build Own Operate	Available for investment
3	Renovation of soum center infrastructure	Build Own Operate	Available for investment
4	Dormitory for 500 students of the Defense University of Mongolia	Design Build Lease Transfer	Available for investment
5	Establishment of the Mining and metal processing complex	Renovate Build Operate Transfer, Build Transfer	Signed
6	Human Development center	Build Operate Transfer	Signed
7	Ulaanbaatar city Conference and convention center	Build Own Operate	Available for investment
7*	Rashaant petroleum oil tank	Build Own Operate	Available for investment
Two. Road projects			
8	Tosontsengel-Uliastai 114 км paved road	Build Transfer	Under negotiation
9	Bayankhongor-Altai 256.1 км paved road and bridge	Build Transfer	Under negotiation
10	Altai-Darvi 263 км paved road	Build Transfer	Under negotiation
11	Tosontsengel crossroad-Numrug-Songino 167 км paved road	Build Transfer	Under negotiation
12	Songino soum-Khyargas lake east rim 135.5 км paved road	Build Transfer	Under negotiation
13	Dashinchilen-Orkhon bridge and Murun-Tarialan 232 км paved road	Build Transfer	Under negotiation
14	Dalanzadgad-Tsogttsetsii /Tavantolgoi/ 94.8 км paved road	Build Transfer	Available for investment



15	Khujirt-Tuvkhun temple-Ulaantsutgalan 90.1 км paved road	Build Transfer	Available for investment
16	Dashinchilen-Ugiinnuur- Khushuu Tsaidam 30 км paved road	Build Transfer	Available for investment
17	Renovation of "Onon" bridge in Binder soum of Khentii aimag	Build Transfer	Available for investment
18	Mandal soum-Zuun Kharaa 15.8 км paved road	Build Transfer	Available for investment
19	Choir-Bur Undur 50 км paved road	Build Transfer	Available for investment
20	Tavantolgoi-Khanbogd-Khangai paved road	Build Operate Transfer	Available for investment
21	Nariinsukhait-Shiveekhuren road	Build Operate Transfer	Signed
22	Bayanzurkh toll station-Nalaikh-Choir interconnection road	Build Transfer	Available for investment
23	Highway connecting Ulaanbaatar City with the new Airport	Build Transfer	Available for investment
24	Altanbulag-Ulaanbaatar-Zamyn Uud Highway	Build Operate Transfer	Signed
Three. Pipeline transport projects			
25	Baganuur-Ulaanbaatar coal transportation pipeline	Build Own Operate	Available for investment
26	Tavantolgoi-Gashuunsukhait coal transportation pipeline	Build Own Operate	Available for investment
Four. Airport projects			
27	Nalaikh Civilian and Special purpose airport	Renovate/Equip Lease Operate Transfer	Available for investment
28	Renovation and Retrofitting of Dalanzadgad airport into International airport	Design Build Operate Transfer	Available for investment
Five. Power generation projects			
29	700 MW Baganuur Power plant	Build Operate Transfer	Under negotiation

## Foreign Investment

30	270 MW Shivee-Ovoo power plant	Build Own Operate Transfer	Available for investment
31	Nariinsukhait-Shiveekhuren 110kW electric power transmission line and substation	Build Transfer	Available for investment
32	Oyutolgoi-Tsagaan suvarga 220kW electric power transmission line and substation	Build Transfer	Available for investment
33	600 MW Chandgana power plant and construction of Baganuur-Undurkhaan electric power transmission line	Build Own Operate Build Transfer	Under negotiation
34	Unudrkhaan-Choibalsan 220kW electric power transmission line and substation	Build Transfer	Under negotiation
35	600 MW Tevshiin Gobi power plant in Saintsagaan soum of Dundgovi aimag	Build Own Operate	Under negotiation
36	Extension and renovation of Choir substation	Build Transfer	Under negotiation
37	450 MW CHP number 5	Build Operate Transfer	Signed
38	100 MW Dornod Thermal power plant	Build Operate Transfer	Under negotiation
39	Tuul-Songino hydro charged power plant complex	Build Own Operate	Signed
40	100 MW Telmen thermal power plant	Build Operate Transfer	Signed
Six. Environmental projects			
41	Hazardous waste disposal processing plant	Design Build Operate Transfer	Available for investment
42	Tuul river cascade reservoirs	Design Build Transfer, Design Build Operate Transfer	Available for investment
43	Renovation of Central waste treatment facility of Ulaanbaatar city	Design Renovate Operate Transfer, Build Operate transfer	Available for investment
44	Waste to electricity plant	Build Own Operate	Available for investment

Seven. Education projects			
45	72 elementary school, kindergarten complex	Build Transfer	Under negotiation
46	Construction and renovation of 7 secondary schools, 3 kindergartens	Design Demolition Build Transfer	Under negotiation
Eight. Health projects			
47	Kidney hemodialysis services	Buy Own Operate	Available for investment
47.1	The Center for Elder Care and Advanced Illness	Design Build Own Operate	Available for investment
47.2	Improve morgue service	Build Own Operate	Available for investment
47.3	Medical oxygen production plant	Build Own Operate	Available for investment
Nine. Sport, tourism sector projects			
48	International Film studio	Build Own Operate	Available for investment
49	International Horse racing center	Build Own Operate	Available for investment
50	Chinggis Khaan Memorial complex	Build Own Operate	Available for investment
51	Winter sport complex	Design Build Own Operate	Available for investment
52	Mongolia ethnic heritage museums	Design Build Own Operate	Available for investment
Ten. Railroad projects			
53	Erdenet city - Ovoot mine railroad project	Build Operate Transfer	Available for investment

### **Additional incentives and benefits for investors**

The Investment Law provides investors with a variety of other tax and non-tax benefits from the Government of Mongolia.

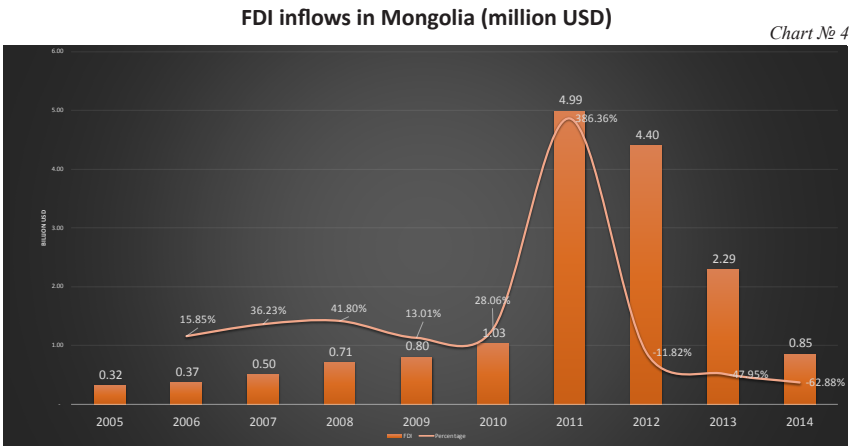
The tax benefits may include exemption from taxes, preferential tax treatments, accelerated depreciation and amortization that is deductible from taxable income, carrying forward of losses, and deduction of employee training expenses from taxable income.

The non-tax benefits may include longer land lease rights, residential permits for international investors and their families, expedited registration process if the investment involves a free economic zone or industrial complex, and financial guarantees for investment projects involving innovative technology.

In addition, equipment imported for construction purposes may be exempted from custom duties and value added taxes.

# FOREIGN INVESTMENT STATISTICS

Over twelve thousand foreign companies representing 112 countries are incorporated through Invest Mongolia Agency. Total direct investment of 17.0 billion USD as of December 31, 2014 since 1995.



Source: Invest Mongolia Agency Database

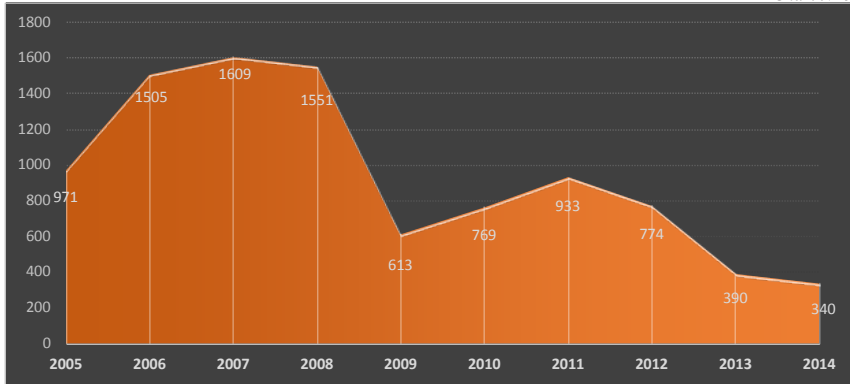
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*The latest foreign investment statistics are provided at Invest Mongolia Agency website [www.investmongolia.com](http://www.investmongolia.com)*

## Foreign Investment

Foreign invested company ( By numbers of companies incorporated)

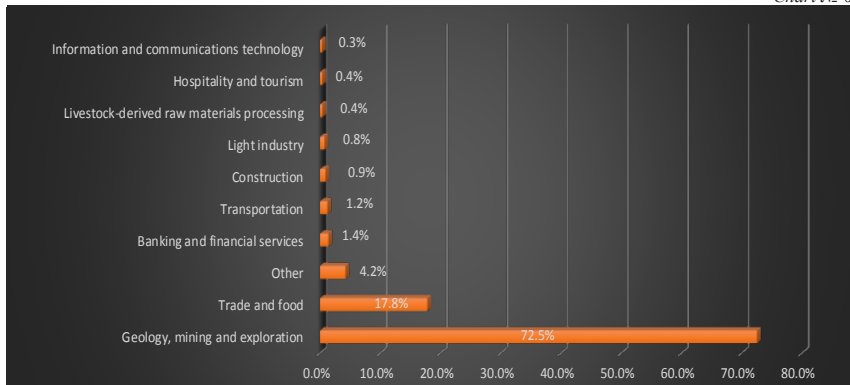
Chart № 5



Source: Invest Mongolia Agency Database

Foreign direct investment (By sector)

Chart № 6



Source: Invest Mongolia Agency Database

***NOTE***

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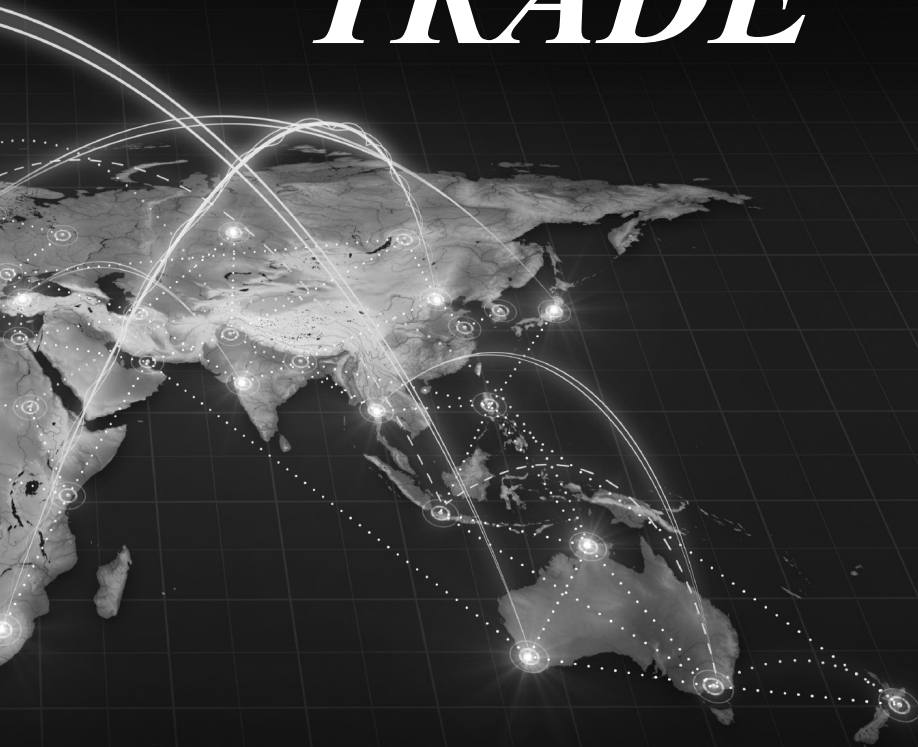
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*As a WTO member, Mongolia may has the obligation to offer most favored nation (/MFN)/ treatment to imports from all trading partners, including non-WTO members.*



# *TRADE*



## **TRADE POLICY**

Mongolia has a free trade regime - no quotas or onerous licensing requirements.

- **WTO member since 1997 substantially liberalized its trade regime**
- **Import and export activities are regulated by the Customs Law of 2008**

### **Import prohibitions, restrictions, and licensing**

Under the Customs Law of Mongolia, the importation of goods into Mongolia is not subject to restrictions, except for import licensing which applies to few products. Importers must register with the tax authorities; registration with the GASR is also required for the purposes of customs clearance.

Import licenses are required for imports of certain products, including:

- Chemicals;
- Human blood and organs;
- Explosives and guns etc.

Import licenses for restricted products are issued by the respective government ministries, such as:

- Ministry of Environment and Tourism
- Ministry of Education, Culture and Science
- Ministry of Industry
- Ministry of Food and Agriculture
- Ministry of Health and Sport

## **Customs duties**

Customs duty means an amount of tax levied on, collected from or paid for goods entering or leaving Mongolia. The Customs duties have the following types:

- Ad valorem;
- Specific;
- Combination of the two above;
- Any of the first two above which entails higher amount of duty.

Most of the imported goods in Mongolia are subject to 5% ad valorem Customs duty while some others are subject to seasonal duties. Certain goods for export are subject to specific Customs duties. Any person (physical or legal) engaged in foreign trade is liable to pay Customs duties as well as some other taxes and fees upon importation or exportation of goods.

*For more information see: <http://ecustoms.mn/>*

**Customs duties incentives**

Pursuant to the Customs Law of 2008, the following items are exempt from Customs duties in Mongolia:

- Appliances for special use by the disabled and artificial organs and accompanying spare parts;
- Goods for humanitarian assistance and similar donations;
- Equipment, facilities, materials, raw materials, appliances, petroleum, diesel fuel for oil exploration, exploitation and use according to an agreement made with the Government on product sharing in oil sector;
- Mongolian national currency manufactured in foreign countries;
- Goods for official use by foreign diplomatic missions, consulates, the United Nations and its specialized agencies;
- Travelers' personal effects;
- Blood, blood products, body and organs to be used for medical purposes;
- Gas fuel, designated containers, equipment, special machinery, facilities and equipment;
- Civil aviation aircrafts and accompanying spare parts; and
- Personal items for use by the head of the foreign diplomatic missions, diplomatic, technical and service staff and their family members deemed necessary to move into the host country.

## Documentation and procedures

In order to facilitate the trade process “one-stop” services are provided at the major customs points of the country. These services are intended to make it possible to complete all the necessary customs documentation and clearance procedures in a single location.

Customs clearance for export and import consists of the following steps:

1. Preparing and providing customs document for declaration of goods.
2. Customs inspection of customs documents.
3. Inspection of the goods and means of transport.
4. Levying customs duties and other taxes and payments thereto.
5. Granting permission and releasing goods to cross customs border.

### Contact information:

Customs General Administration of Mongolia  
Sukhbaatar District, Ikh toiruu 81/1  
Ulaanbaatar-14193

**Phone:** (976-11) 350057, **Fax:** (976-11) 350048

**Website:** <http://www.ecustoms.mn/>

**E-mail:** [info@ecustoms.mn](mailto:info@ecustoms.mn)

*For more information see: [www.ecustoms.mn](http://www.ecustoms.mn)*

## GOVERNMENT MINISTRIES

Table № 15

Ministries	Phone number	Website
Ministry of Mining	976-51-263506	<a href="http://www.mm.gov.mn">www.mm.gov.mn</a>
Ministry of Environment and Tourism	976-51-261966	<a href="http://www.mne.mn">www.mne.mn</a>
Ministry of Foreign Affairs	976-62-262222	<a href="http://www.mfa.gov.mn">www.mfa.gov.mn</a>
Ministry of Defense	976-51-261718	<a href="http://www.mod.gov.mn">www.mod.gov.mn</a>
Ministry of Finance	976-51-267468	<a href="http://www.mof.gov.mn">www.mof.gov.mn</a>
Ministry of Justice	976-51-267533	<a href="http://www.moj.gov.mn">www.moj.gov.mn</a>
Ministry of Energy	976- 62-263051	<a href="http://www.energy.gov.mn">www.energy.gov.mn</a>
Ministry of Industry	976-51-262271	
Ministry of Construction and Urban Development	976-11-327716	<a href="http://www.mcud.gov.mn">www.mcud.gov.mn</a>
Ministry of Education, Culture and Science	976-18001209	<a href="http://www.meds.gov.mn">www.meds.gov.mn</a>
Ministry of Labor	976-51-261418	<a href="http://www.mol.gov.mn">www.mol.gov.mn</a>
Ministry of Human Development and Social Protection	976-51-264791	<a href="http://www.khun.gov.mn">www.khun.gov.mn</a>
Ministry of Road and Transportation	976-62263170	<a href="http://www.mrt.gov.mn">www.mrt.gov.mn</a>
Ministry of Food and Agriculture	976-11-310986	<a href="http://www.mofa.gov.mn">www.mofa.gov.mn</a>
Ministry of Health and Sport	976-51-263913	<a href="http://www.moh.mn">www.moh.mn</a>

## GOVERNMENT DISTRICT OFFICES

Table № 16

Baganuur district	<a href="http://www.bnd.ub.gov.mn">www.bnd.ub.gov.mn</a>
Bagakhangai district	<a href="http://www.bagakhangai.ub.gov.mn">www.bagakhangai.ub.gov.mn</a>
Bayangol district	<a href="http://www.bgd.mn">www.bgd.mn</a>
Bayanzurkh district	<a href="http://www.bzd.ub.gov.mn">www.bzd.ub.gov.mn</a>
Nalaikh district	<a href="http://www.nad.ub.gov.mn">www.nad.ub.gov.mn</a>
Songino Khaikhan district	<a href="http://www.shd.mn">www.shd.mn</a>
Sukhbaatar district	<a href="http://www.sbd.ub.gov.mn">www.sbd.ub.gov.mn</a>
Khan-Uul district	<a href="http://www.khanuul.mn">www.khanuul.mn</a>
Chingeltei district	<a href="http://www.chingeltei.gov.mn">www.chingeltei.gov.mn</a>

## BANKS

Table № 17

Central Bank of Mongolia	<a href="http://www.mongolbank.mn">www.mongolbank.mn</a>
Khan Bank	<a href="http://www.khanbank.com">www.khanbank.com</a>
Trade and Development Bank	<a href="http://www.tdbm.mn">www.tdbm.mn</a>
Golomt Bank	<a href="http://www.golomtbank.com">www.golomtbank.com</a>
The State Bank	<a href="http://www.statebank.mn">www.statebank.mn</a>
Xac Bank	<a href="http://www.xacbank.mn">www.xacbank.mn</a>
Capitron Bank	<a href="http://www.capitronbank.mn">www.capitronbank.mn</a>
UB City Bank	<a href="http://www.ubcbank.mn">www.ubcbank.mn</a>
Development Bank	<a href="http://www.dbm.mn">www.dbm.mn</a>
Erel Bank	<a href="http://www.erelbank.mn">www.erelbank.mn</a>
National Investment bank	<a href="http://www.nibank.mn">www.nibank.mn</a>
Capital Bank	<a href="http://www.capitalbank.mn">www.capitalbank.mn</a>
Transport Development Bank	<a href="http://www.transbank.mn">www.transbank.mn</a>
Chingis Khan Bank	<a href="http://www.ckbank.mn">www.ckbank.mn</a>
Credit Bank	<a href="http://www.creditbank.mn">www.creditbank.mn</a>

## **MONGOLIAN NATIONAL CHAMBER OF COMMERCE AND INDUSTRY**

Mahatma Gandhi street, Khan-Uul district- 15,  
Ulaanbaatar-17011, Mongolia,  
MNCCI building

Tel: +976-11-327176, Fax: +976-11-324620

Email: [chamber@mongolchamber.mn](mailto:chamber@mongolchamber.mn),  
[info@mongolchamber.mn](mailto:info@mongolchamber.mn)

Website: [www.mongolchamber.mn](http://www.mongolchamber.mn)

## **BUSINESS COUNCIL OF MONGOLIA**

Express tower, 12-th floor  
Peace Avenue, Ulaanbaatar,  
15160, Mongolia  
Email: [info@bcmongolia.org](mailto:info@bcmongolia.org)  
Phone:/Fax: +976-11-317027  
[www.bcmongolia.org](http://www.bcmongolia.org)

## **NATIONAL HOTLINES**

+976-1109

+976-1617

+976-1950

+976-1199



Table № 18

	Address:	Tel/Fax
Embassy of the Republic of San Marino	Diplomat 95 apartment 1-5, 4 khoroo, Chingeltei district Ulaanbaatar	Tel: 70113998 Fax: 70113997
Embassy of Republic of India	Zaluuchuud avenue 10, Sukhbaatar district, Ulaanbaatar	Tel: 329522 329524 Fax: 329532
Embassy of Socialist Republic of Vietnam	Peace avenue 47, Ulaanbaatar	Tel: 458917 454632 Fax: 458923 458493
Embassy of Canada	Central tower, 6 <sup>th</sup> floor, № 603-607, Sukhbaatar square, Ulaanbaatar	Tel: 332500 Fax: 332515
Embassy of Peoples Republic of China	Zaluuchuud avenue 10, Sukhbaatar district, Ulaanbaatar	Tel: 320955 Fax: 311943
Embassy of Japan	Olympic street 8, Sukhbaatar district, Ulaanbaatar	Tel: 320777 Fax: 313332
Embassy of Laos Peoples Democratic Republic	Ikh toiruu 59, Sukhbaatar district Ulaanbaatar	Tel: 326440 322834 Fax: 321048
Embassy of French Republic	Peace avenue 3, Chingeltei district Ulaanbaatar	Tel: 324519 329633 Fax: 319176
Embassy of Republic of Korea	Olympic street 10, Ulaanbaatar	Tel: 321548 310153 Fax: 311157
Embassy of United Kingdom of Great Britain and Northern Ireland	Peace street 30, Ulaanbaatar 13	Tel: 458133 Fax: 458036

## Address

Embassy of United States of America	the Sukhbaatar district Ulaanbaatar 13	Tel: 329095 Fax: 320776
Embassy of Czech Republic	Olympic street 14, Ulaanbaatar	Tel: 321886 311053 Fax: 323791
Embassy of Democratic People's Republic of Korea	Diplomat 95, 4 khoroo, Chingeltei district, Ulaanbaatar	Tel: 326153 325663 Fax: 330529
Embassy of Republic of Kazakhstan	№72, Zaisan street, Khan- Uul district, Ulaanbaatar	Tel: 345408 Fax: 345408
Embassy of Federal Republic of Germany	United Nations street, Ulaan- baatar	Tel: 323325 323915 Fax: 323905
Embassy of State of Kuwait	Khan-Uul District, 11 khoroo, Zaisan, Villa Vesta Town House 1, Ulaanbaatar	Tel: 7444442 7744445 Fax: 7444440
Embassy of Russian Federation	Peace street-6-A, Ulaanbaatar	Tel: 327191 312851 Fax: 327018
Embassy of Republic of Turkey	Peace street 5, Ulaanbaatar-13	Tel: 311200 329545 Fax: 313992
Embassy of Cuba	United Nations street 18, Ulaanbaatar	Tel: 323778 327677 Fax: 327709
Embassy of Republic Bulgaria	Sukhbaatar district, 1 khoroo, Embassy street 17, Diplomat apartments A 402	Tel: 70140403



## **INVEST MONGOLIA AGENCY**

15141 Government bld 11, Sambuu street 11,  
Chingeltei district, Ulaanbaatar, MONGOLIA

**Tel:** (976-11) 326040, 320706

**Fax:** (976-11) 324076

**E-mail:** [info@investmongolia.com](mailto:info@investmongolia.com)

**[WWW.INVESTMONGOLIA.COM](http://WWW.INVESTMONGOLIA.COM)**

