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Recent updates on laws on VAT and Customs duty exemptions

Mongolian Parliament approved following laws and regulations as a result of the parliamentary discussion held on 7th June 2013:

1) *“The law on exemption from VAT” and “Addition to the Parliament Decree”*

Import of new buses and trolleybuses which are produced not more than one year ago, with more than 24 seats and with capacity to carry more than 48 passengers will be exempt from VAT. In addition, such vehicles will be subject to 0% Customs duty.

The above law and regulation are effective from 1 Jan 2014 up until 31st of December, 2016.

2) *“The law on exemption from VAT” and “The law on exemption from Customs duty” /for certain oil and gas projects/*

Imported equipment, spare parts, and special purpose construction materials intended for use in certain oil and gas projects (extracting petroleum products from petroleum, shale oil and coal) are exempt from VAT and Customs duty.

The laws are effective from 7th of June, 2013 up until 31st of December, 2018.

3) *“The law on exemption from VAT” and “The law on exemption from Customs duty” /wooden products/*

According to the newly issued laws, imported oriented strand board (OSB), round wood, timber wood, cut wooden materials, standard construction wood-frame ready for assembly are exempt from VAT and Customs duty.

The laws are effective from 7th of June, 2013 up until 31st of December, 2017.



Impact of the change to the business

We understand that the above new laws and addition to decree are aimed at promoting the investment and business framework for specific public transportation vehicles, petroleum production, and wooden products.

Source: <http://www.parliament.mn/news/categories/209/pages/6634>
<http://www.parliament.mn/news/categories/209/pages/6632>
<http://www.parliament.mn/news/categories/209/pages/6629>