



Corporate Income Tax (CIT) credit for Corporate Social Responsibility (CSR) projects



With the amendments to the CIT Law on August 30, 2024, a CIT credits was introduced for investments in fixed assets and financial support or donations made toward CSR projects and activities. The Mongolian Tax Authority issued guidance regarding the implementation of this credit on September 1, 2025. This tax alert aims to provide you with a brief overview of the key amendments for claiming the tax credit.

We are pleased to offer expert support to ensure your company's compliance with all general and specific requirements for obtaining CSR tax credits, including assistance with filings and reviews by relevant authorities.

1. General Conditions for CIT credit:

- ✓ The amount of the CIT credit shall not exceed **1%** of the taxable income for the relevant tax year.
- ✓ This tax credit will be available until **January 1, 2035**.
- ✓ The tax credit cannot be carried forward to subsequent tax years.
- ✓ The investment project implemented must not be related to the taxpayer's income-generating activities.
- ✓ If it is determined that the tax credit was utilized for tax avoidance purposes, the credit shall not be granted.
- ✓ Financial support and donations must be provided to unrelated parties.
- ✓ If the investment, financial support, or donation was not spent within the scope of CSR, or if the contractual implementation was not fulfilled, the credit shall not be granted.
- ✓ The investment, financial support, and donation must meet the general requirements for deductible expenses as stipulated in the CIT Law.
- ✓ The construction, projects, and activities eligible for the credit must comply with the requirements and standards issued by the responsible ministry in line with sector policies (Please refer to the summary of requirements and standards approved by the ministries related to this credit on the next page).

2. Special Requirements for Projects and Activities:

Investment Projects:

- ✓ Must be a genuine, tangible asset which is subject to depreciation that owned either by the taxpayer or by another legal entity
- ✓ Must not be related to the taxpayer's core business activities.
- ✓ Must be included in the taxpayer's business plan and recorded as a depreciable fixed asset in the financial statements.
- ✓ In cases of investment in another legal entity, a notarized agreement must be executed, and the investment must be recorded as a depreciable fixed asset in the financial statements of the recipient entity.
- ✓ Must meet other conditions of the standard requirements approved by the relevant sector ministries.

Financial Support, Donations:




- ✓ Must be non-repayable monetary or tangible assets transferred.
- ✓ The financial support or donation must be provided to unrelated parties.
- ✓ A notarized agreement must be executed in accordance with the specific purpose of the financial support or donation.
- ✓ The expense for financial support or donation must be incurred within the respective reporting period and substantiated by payment receipts with unique identification numbers.
- ✓ Must meet other conditions of the standard requirements approved by the relevant sector ministries.

3. Directions And requirements for CSR projects and activities eligible for Tax credit

No	Categories of Projects and Activities Implemented within CSR	Related ministry	General Directions of Activities	Approved Date	Order Number
1 	Protection, enhancement, sustainable use, and restoration of natural resources such as forests, wildlife, and water; reduction of air, water, and soil pollution; and combating desertification.	➤ MECC ➤ MOUDCH	✓ Reducing air pollution; ✓ Afforestation, greening, landscaping; ✓ Soil protection, combating desertification; ✓ Reducing waste; ✓ Protecting biodiversity.	2025.02.24	A/93, 105
2 	Provision of care services for the elderly, person with disabilities, and children; protection of their rights; creation of accessible environments for persons with disabilities; and construction and operation of playgrounds, camps, and parks for children.	➤ MLSP	✓ Constructing, renovating, furnishing, and providing equipment support for specialized care facilities. ✓ Creating and renovating adapted environments for persons with disabilities. ✓ Constructing, renovating, furnishing, and providing equipment support for children's camps and centers. ✓ Constructing, renovating, furnishing, and providing equipment support for playgrounds and parks. ✓ Investments, financial support, donations, and assistance from entities aimed at ensuring and protecting the rights of the elderly, persons with disabilities, and children.	2024.12.12	A/67
3 	Protection and restoration of cultural heritage; activities of museums and libraries; creation, performance, and distribution of music, film, handicrafts, and performing arts; and construction and operation of creative cultural industry complexes.	➤ MOCSTY ➤ MOUDCH	✓ Protecting cultural heritage; ✓ Supporting museum activities; ✓ Supporting library activities; ✓ Creating, performing, and distributing musical art works; ✓ Creating, performing, and distributing cinematic art works; ✓ Creating, performing, and distributing handicraft works; ✓ Creating, performing, and distributing performing arts works; ✓ Constructing and operating creative cultural production complexes.	2025.05.07	A/175
4 	Construction, operation, protection, and maintenance of public roads, squares, and parks, and support for public transportation developments.	➤ MOUDCH ➤ MRT	✓ Constructing and landscaping roads (e.g., building bicycle paths, speed bumps, road signs). ✓ Assembling public electric transport vehicles. ✓ Laying railways and their bridges/culverts. ✓ Constructing and landscaping public squares and parks.;	2025.05.12	105, A/272
5 	Construction and operation of sports facilities; organization of Olympic-type competitions; and financial support provided to Olympic-type sports federations registered with the Mongolian National Olympic Committee and the Mongolian National Paralympic Committee, and to teams, professional athletes, and coaches registered with them.	➤ MOCSTY	✓ Organizing Olympic and intellectual sports competitions. ✓ Financial support provided to Olympic sports federations registered with the Mongolian National Olympic Committee and the Mongolian National Paralympic Committee, and to teams, professional athletes, and coaches registered with them.	2025.05.07	A/175
6 	Compensation for damages caused by force majeure and other similar disasters.	➤ NEMA	✓ Domestic humanitarian aid for disaster protection. ✓ Renovating, newly planning, and reconstructing infrastructure.	2025.02.05	18
7 	Scholarships for tuition fees provided to students studying in foreign universities, accredited domestic universities, and vocational and technical education institutions in priority areas announced by the Government of Mongolia. Grants provided to universities and the Academy of Sciences for research and analysis purposes.	➤ MOES	✓ Construction, projects, and activities supporting educational institution environments. ✓ Financial support, scholarships, donations, and assistance	2025.05.02	A/189



3. Directions and requirements for CSR projects and activities eligible for Tax credit

No	Categories of Projects and Activities Implemented within CSR	Related ministry	General Directions of Activities	Approved Date	Order Number
8	 Activities of state and local government-owned educational and healthcare organizations.	➤ MOES ➤ MOH	✓ Human development and activities supporting training. ✓ Construction, expansion, renovation, and furnishing of healthcare facility buildings and structures. ✓ Construction, projects, and activities supporting the environment of educational institutions. ✓ Provision of medical supplies. ✓ Provision of medical equipment. ✓ Support for public health initiatives. ✓ Improving long-term medical care and services. ✓ Improving primary healthcare and services.	2025.05.07	A/189
9	 Activities of special government funds.	MED	✓ Financial support, donations, and assistance	2025.06.13	A/76
10	 Activities specified by law for legal entities registered in the virtual zone supporting information technology production.	MODDIC	✓ Delivering essential communication services at actual cost to remote areas and underserved populations, and establishing new networks. ✓ Developing national radio and television productions. ✓ Increasing access to information for persons with disabilities. ✓ Investments made in legal entities registered in the Virtual Zone for supporting Information Technology production.	2025.05.09	A/79

4. Reporting for Tax credit

The tax credit shall be claimed by reporting in the CIT TT-02 return, and the following requirements apply:

- Disclosure for the credit must be correctly completed;
- Contracts, payment receipts, and other required documents must be attached.
- The expenses for investment, financial support, and donations shall be reported as non-deductible expenses by the providing party, and as taxable income by the receiving party, and the following supplementary forms must also be prepared and submitted:

Taxpayer who provided funding

- **TM-1a:** Detailed Statement of Investment in Depreciable Fixed Assets, and Financial Support and Donation Expenses Provided to Unrelated Parties
- **XM-02/8/:** Tax credit Calculation

Taxpayer who received funding

- **TM-16:** Detailed Statement of Fixed Assets of the Investment Recipient
- **TM-1B:** Detailed Statement of Expenditures of the Financial Support and Donation Recipient

- The sector ministries supervising the Projects and Activities must be correctly selected when submitting the return.
- The CIT credit for CSR projects can be claimed concurrently with other CIT credits. When calculating, the CSR credit shall be first deducted from the amount taxed at the general rate, and then other tax credits shall be applied to the remaining amount.
- For entities that pay and report CIT under a simplified regime, the CSR credit shall not be granted



4. Reporting for Tax credit

Taxpayers claiming CIT credit for CSR projects, as outlined in Section 3 of this tax alert, must submit their annual CIT (TT-02) return, along with disclosure, to the tax authority by February 10 of the following year.

Some ministries have specified distinct timelines for the submission and certification of tax returns, within their approved requirements, as follows:

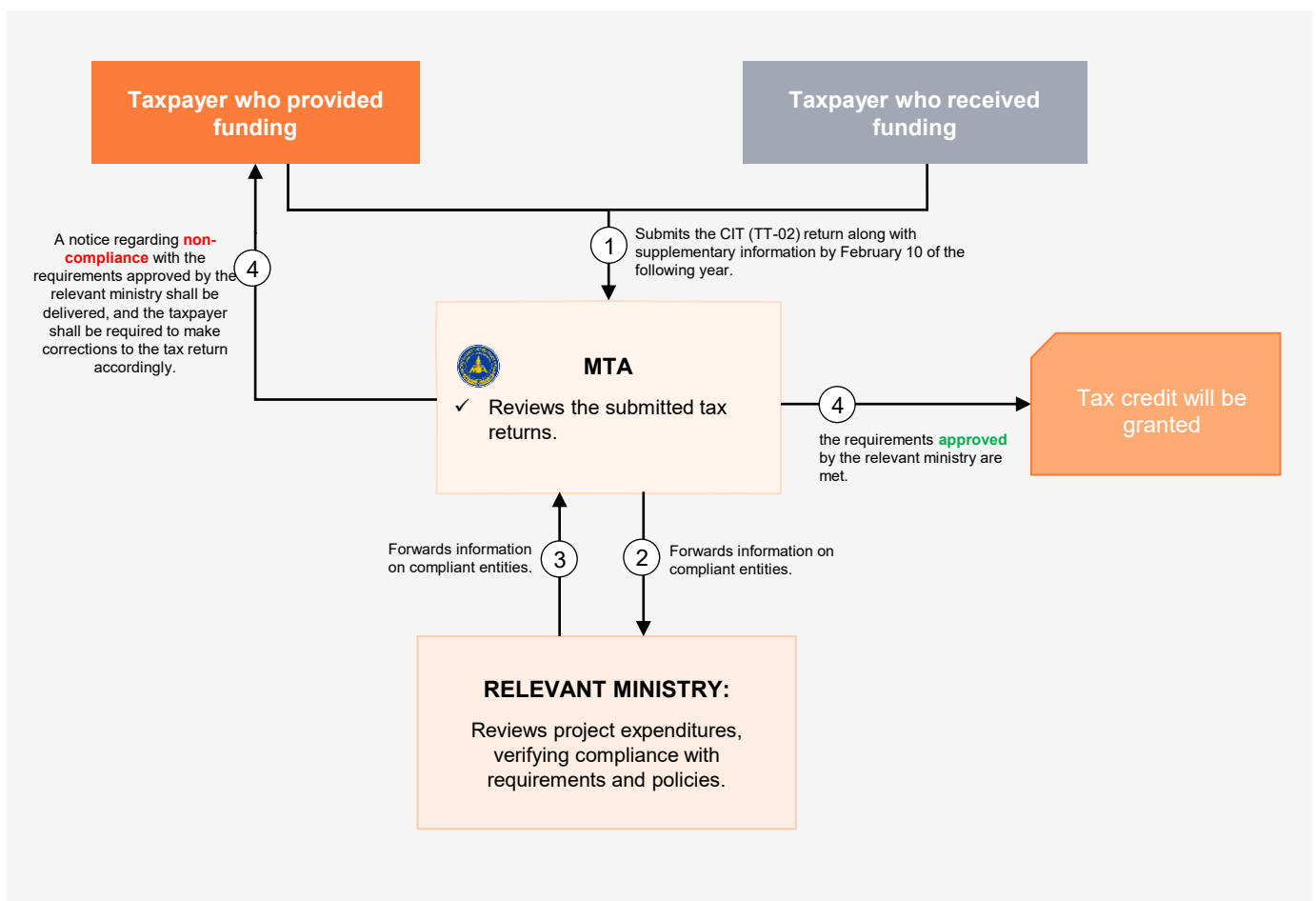
Reporting Period	Receive Report (Ministry)	Submit Report to Ministry	Certify Report (Ministry)
1st Quarter	By April 20	By May 10	By May 31
2nd Quarter	By July 20	By August 20	By August 31
3rd Quarter	By October 20	By November 20	By November 31
4th Quarter	By February 20 of the following year	By March 10 of the following year	By March 31 of the following year

Important Note



Please be noted that if the tax authority reviews the annual report submitted by the taxpayer for credit and finds it non-compliant, the tax return will be returned to the taxpayer. If the deadline for correcting the returned report has expired, the CSR tax credit will not be granted.

5. Review and Acceptance Process for Tax Credit Reporting





Glossary

Abbreviation	Explanation
CIT	Corporate income tax
NEMA	National emergency management agency
MOCSTY	Ministry of Culture Sports, Tourism and youth of Mongolia
MOUDCH	Ministry of Urban Development, Construction and Housing of Mongolia
MODDIC	Ministry of Digital Development, Innovation and Communications of Mongolia
MECC	Ministry of Environment and Climate Change of Mongolia
MED	Ministry of Economy and Development of Mongolia
MLSP	Ministry of Family, Labour and Social Protection of Mongolia
MRT	Ministry of Road and Transport of Mongolia
MOES	Ministry of Education and Science
MOH	Ministry of Health

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