

Proposed changes to the Tax Laws



Contact us

Sergi Kobakhidze

Partner
Tax and Legal Services
sergi.kobakhidze@pwc.com

Tsendmaa Choijamts

Executive Director
Tax and Legal Services
tsendmaa.choijamts@pwc.com

Enkhzul Jambal

Tax Senior Manager
Tax Consulting Services
enkhzul.jambal@pwc.com

Enkhsanaa Erdene-Ochir

Tax Manager
Tax Consulting Services
enkhsanaa.erdene-ochir@pwc.com

PwC Tax TMZ

Central Tower, 6th floor
Suite 601, Ulaanbaatar
14200, Mongolia
Tel : + 976 70009089
Fax : +976 11 322068
www.pwc.com/mn



If you need advice on the above topic or any other issues, please contact us.



Proposed changes to the Tax Laws

In accordance with the Government of Mongolia's Action Plan (for 2024-2028) to revise and improve tax legislation, the Ministry of Finance has drafted a reform of the Value Added Tax (VAT) Law, along with amendments to the General Tax Law (GTL), the Corporate Income Tax (CIT) Law, and the Personal Income Tax (PIT) Law. These draft laws have been published on the Ministry's official website.

Public comments on these draft laws will be accepted until April 12, 2025. After incorporating public feedback and making necessary improvements, the drafts will be discussed by the Government of Mongolia and subsequently submitted to the Parliament for approval. The implementation of these laws is scheduled to commence on **January 1, 2026**.

This tax alert aims to provide you with a brief overview of the key amendments and changes included in these draft laws.



1. Key proposed amendments and changes included in the Value Added Tax Law

VAT Incentive for Individuals:

- Individuals are eligible for a VAT refund on purchases according to the following progressive rates:

| Monthly Purchases | Incentive /refund %/ for VAT paid |
|---------------------|-----------------------------------|
| Up to 500,000 MNT | 100% |
| 500,000-800,000 MNT | 50% |
| Above 800,000 MNT | 20% |

VAT Threshold:

- A local entity must register as a VAT payer where the value of the sales revenue exceeds **MNT 400 million** during 12 consecutive months

VAT Deductions:

- Input VAT paid for capital expenditure is deductible or can be fully claimed.
- RCVAT is deductible for Mongolian service recipient.
- When the VAT taxpayer makes a purchase from a third party, the purchase price can be considered to have included 10% VAT and subsequently could be deducted.
- Input VAT paid for purchase of passenger cars are deductible.
- Input VAT paid for business events, employees' training and personal uses of are deductible within the limit specified in the CIT Law.

This Alert is produced by PwC Tax TMZ. The material contained in this alert is provided for general information purpose only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2025 PricewaterhouseCoopers Tax TMZ. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Tax TMZ, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Proposed changes to the Tax Laws



Contact us

Sergi Kobakhidze

Partner
Tax and Legal Services
sergi.kobakhidze@pwc.com

Tsendmaa Choijamts

Executive Director
Tax and Legal Services
tsendmaa.choijamts@pwc.com

Enkhzul Jambal

Tax Senior Manager
Tax Consulting Services
enkhzul.jambal@pwc.com

Enkhsanaa Erdene-Ochir

Tax Manager
Tax Consulting Services
enkhsanaa.erdene-ochir@pwc.com

PwC Tax TMZ

Central Tower, 6th floor
Suite 601, Ulaanbaatar
14200, Mongolia
Tel : + 976 70009089
Fax : +976 11 322068
www.pwc.com/mn



2. Key proposed amendments and changes included in the Corporate Income Tax Law



Dividend Tax Exemption and Reduced Rates:

- Dividends received by resident taxpayer entities from their wholly-owned subsidiaries are exempt from the 10% WHT.
- The WHT rate on dividend income received by non-residents from their Mongolian subsidiaries, where ownership exceeds 50%, is reduced from 20% to 15%.

Revised Tax Rates:

Companies with annual sales revenue up to MNT 2.5 billion, excluding those in following operating section listed below, are subject to a 10% CIT and eligible for a 90% tax refund

- Exploration, extraction, use, transportation, and sale of minerals and radioactive minerals.
- Cultivation of tobacco plants, production, and import of tobacco products.
- Production of petroleum products, import, wholesale, and retail of all types of fuel

For other taxpayers, the following tax rates will apply:

The additional rates will be determined by Citizens' Representative Khural or respective aimag council

| Taxable Income (MNT) | Base Rate | Additional Rate |
|-------------------------|-----------|-----------------|
| Up to 6 billion | 6% | 0-4% |
| 6 billion to 10 billion | 9% | 0-6% |
| Above 10 billion | 15% | 0-10% |

Indirect Transfer Tax Rules:

Changes in shareholding structure resulting from an increase in share capital of the rights holder (pertaining to mining exploration and exploitation/mining license) through issuance of additional shares will not be considered a transfer of rights and will not be taxed.

CIT Deductions:

Expenses incurred for employee training and personal use can be deducted, subject to a cap of 10% and 5% of the salary fund respectively.



If you need advice on the above topic or any other issues, please contact us.



This Alert is produced by PwC Tax TMZ. The material contained in this alert is provided for general information purpose only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2025 PricewaterhouseCoopers Tax TMZ. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Tax TMZ, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.



Proposed changes to the Tax Laws



Contact us

Sergi Kobakhidze

Partner
Tax and Legal Services
sergi.kobakhidze@pwc.com

Tsendmaa Choijamts

Executive Director
Tax and Legal Services
tsendmaa.choijamts@pwc.com

Enkhzul Jambal

Tax Senior Manager
Tax Consulting Services
enkhzul.jambal@pwc.com

Enkhsanaa Erdene-Ochir

Tax Manager
Tax Consulting Services
enkhsanaa.erdene-ochir@pwc.com

PwC Tax TMZ

Central Tower, 6th floor
Suite 601, Ulaanbaatar
14200, Mongolia
Tel : + 976 70009089
Fax : +976 11 322068
www.pwc.com/mn



3. Key proposed amendments and changes included in General Tax Law

- TP report deadlines (Local and Master Files) extended from February 10 to June 30 of the following year.
- The sales revenue threshold for TP reports has been increased from MNT 6 billion to MNT 10 billion. This change also applies to companies with foreign investment, which previously did not have a minimum threshold for TP reports.
- If a taxpayer files an appeal against a tax inspection act, they are required to pay 10% of the disputed tax amount in advance. This advance payment for the tax dispute is reduced from 10% to 5% of the disputed amount and the total advance payment amount shall not exceed 100 million MNT.



4. Key proposed amendments and changes included in Personal Income Tax Law

- Individual's business income, in addition to employment income, is subject to a progressive tax rates of 10%, 15%, and 20%.
- The WHT rate on dividend income received by non-residents from their Mongolian subsidiaries, where ownership exceeds 50%, is reduced from 20% to 15%.
- The preparation of individuals' PIT returns /TT-06/ is shifted from self-assessment to automatic preparation by the MTA, allowing taxpayers to accept or adjust the prepared returns.
- A PIT credit is available for individuals' employment and business income up to 9,600,000 MNT per annum.
- The submission deadline for employers' PIT returns is extended to the last day of the following quarter for quarterly returns, and **the last day of February** of the following year for annual returns.



If you need advice on the above topic or any other issues, please contact us.

This Alert is produced by PwC Tax TMZ. The material contained in this alert is provided for general information purpose only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2025 PricewaterhouseCoopers Tax TMZ. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Tax TMZ, which is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.