

Legal Alert #6

The methodology and coefficients for determining the starting price of land possession and usage rights auctions



The methodology and coefficients for determining the starting price of land possession and usage rights auctions have been newly approved

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In brief

In accordance with the amendments to the Land Law of Mongolia, the Minister of Construction and Urban Development's Order No. 208 dated December 14, 2018, titled "On the Approval of the Methodology", has been annulled.

In connection with this, by Order No. **A/188** of the Head of the General Authority for Land Administration, Geodesy, and Cartography dated May 20, 2025, the following have been approved :

- The “**Methodology for Determining the Starting Price of Land Possession and Use Rights Auction**”, and
- The “**Coefficient for Determining the Starting Price of Land Possession and Use Rights Auction**”.

These documents, collectively referred to as the "Updated Methodology", are hereby summarized and presented to you.



Methodology for determining the starting price of land possession and use rights auction

According to Annex 1 of the above Order No. A/188 dated May 20, 2025, the following formula has been officially included in the “**Methodology for Determining the Starting Price of Land Possession and Use Rights Auction**”:

$$\Delta P = P_{cy} \times K \times S$$

- ΔP – Starting price of the auction
- P_{cy} – Base valuation per square meter of land
- K – Coefficient
- S – Area size (in square meters)

When determining **P_{cy}** (the base valuation per square meter), the **land valuation zones, categories (regions), and base valuations** established by the

Government shall be used as the basis. For details on these zones, categories, base valuations, and land fee rates, please refer to Government Resolution No. 182 ([click here](#)).

The Updated Methodology also introduces new provisions that were not included in the now-annulled 2018 methodology. Specifically, it includes a **specialized methodology and coefficient for determining the starting price of auctions for land designated as infrastructure corridors, such as roads and utility networks**.



Coefficient for determining the starting price of land possession and usage rights auction

In the Updated Methodology, the coefficient used to determine the starting price of land possession and use rights auctions in the districts of the capital city and the soums of provincial centers remains unchanged from the previous version.

However, a new coefficient has been introduced specifically for determining the starting price of auctions for land classified as infrastructure corridors, such as roads and utility networks. This includes:

No	Category	Coefficient
1	International Highway Corridor	0.02
2	National Highway Corridor	0.01
3	Regional Road Corridor	0.01
4	Urban Road Corridor (Capital City)	0.01
5	Special-Purpose Road Corridor	0.01
6	Internal Roads within Industrial or Commercial Premises	0.01
7	Railway Right-of-Way	0.02
8	Telecommunications Infrastructure Corridor	0.01
9	Electricity Transmission Corridor	0.01
10	Natural Gas Pipeline Corridor	0.01
11	Heating, Water Supply, and Wastewater Pipeline Corridor	0.01



Example calculation approved in the annex of the methodology

Example 1:

Let us determine the starting price for the auction of land possession rights for a 1 km long local road located in Undur-Ulaan soum, Arkhangai province. In this case, according to the Law on Roads, the width of the land strip for a local road is 60 meters (30 meters on each side from the road centerline). When calculated for a length of 1 km, the total area becomes 60,000 m², or 6 hectares.

1. According to Annex 6 of Government Resolution No. 182 of 2018, the base unit price for 1 m² of land in Undur-Ulaan soum, Arkhangai province is 2,000 MNT.
2. From Table 5 of this methodology, the coefficient corresponding to the column “Local road corridor” is 0.01.
3. The starting price for the auction of land possession rights for the 60,000 m² area is: **2,000 MNT/m² × 0.01 × 60,000 m² = 1,200,000 MNT**

Example 2:

Let us determine the starting price for the auction of land possession rights for a 500 m² of land designated for service use located in Zone 2 of the capital city's land valuation classification.

1. According to Annex 3 of Government Resolution No. 182 of 2018, the base unit price for 1 m² of land in the capital city is set at 121,600 MNT.
2. Referring to Table 1 of the methodology, the coefficient corresponding to “Commercial and Service Use” in Zone 2 is 1.115.
3. The starting price for the auction of land possession rights for the 500 m² of land is:

$$121,600 \text{ MNT/m}^2 \times 1.115 \times 500 \text{ m}^2 = 67,792,000 \text{ MNT}$$



Contact us

If you wish to receive legal advice regarding the Land Law or the methodology for determining the starting price of land possession and use rights auctions, please feel free to contact us. **You may access the full text of the approved methodology by clicking [here](#).**