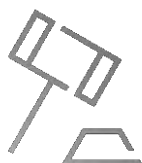


Legal Alert #7

Mongolia Adopts Its Law on Economic Freedom

In brief



On 3 July 2026, the Parliament of Mongolia adopted the Law on Economic Freedom, establishing the principle that business activities may be freely conducted unless expressly prohibited by law. The Law introduces a foundational legal framework aimed at limiting state intervention, protecting property rights, promoting fair competition, and safeguarding investors' rights.

The adoption of the Law resulted in amendments to 91 laws. Among these amendments are a number of significant reforms affecting business operations, including the simplification of the permit regime through the introduction of a notification-based framework for certain business activities, the establishment of an investor grievance resolution mechanism, and the removal of several restrictions applicable to foreign investment in specific sectors. These changes are expected to have a notable impact on the regulatory environment governing business activities in Mongolia.

The Law specifies certain actions prohibited in connection with state policy and administrative activities, including:

- Compelling businesses to participate in corporate social responsibility (CSR) activities;
- Requiring businesses, in the course of providing public services, to submit documents or supporting materials other than those prescribed by law or administrative normative acts; and
- Conducting inspections or oversight measures not expressly authorized by law or exceeding the statutory time limits established for such inspections and oversight activities.

In this edition, we provide a brief overview of the key amendments introduced to the Law on Permits and Notifications. Future editions will examine other notable amendments introduced by the Law on Economic Freedom.

**Key
Amendments
to
Accompanying
Legislation**

**Restrictions
on State
Policy and
Administrative
Actions**

Contact us:

Abdulkhamid Muminov

Partner

Tax, Legal and People Services

abdulkhamid.m.muminov@pwc.com

Munkhjargal Ragchaakhuu

Senior Legal Manager

Tax, Legal and People Services

munkhjargal.ragchaakhuu@pwc.com

Tsendmaa Choijamts

Director

Tax, Legal, and People Services

tsendmaa.choijamts@pwc.com

Mandukhai Rentsentavkhai

Senior Associate

Tax, Legal, and People Services

mandukhai.rentsentantavkhai@pwc.com

PwC Legal LLP

Central Tower, 6th floor

Suite 601, Ulaanbaatar

14200, Mongolia

Tel : + 976 70009089

www.pwc.com/mn

Law on Permits and Notifications Amendments

I. Reform of the Permit Regime and Risk Assessment

The amendments introduce a comprehensive reform of the permit regime. Certain activities that were previously subject to a special permit requirement have been reclassified under the ordinary permit regime, while some activities have been exempted from permit requirements altogether and others will only be subject to a notification requirement. For instance, the following activities that were previously subject to a special permit regime have now been reclassified under the ordinary permit regime:

- the practice of law;
- audit services; and
- the establishment of a customs special zone.

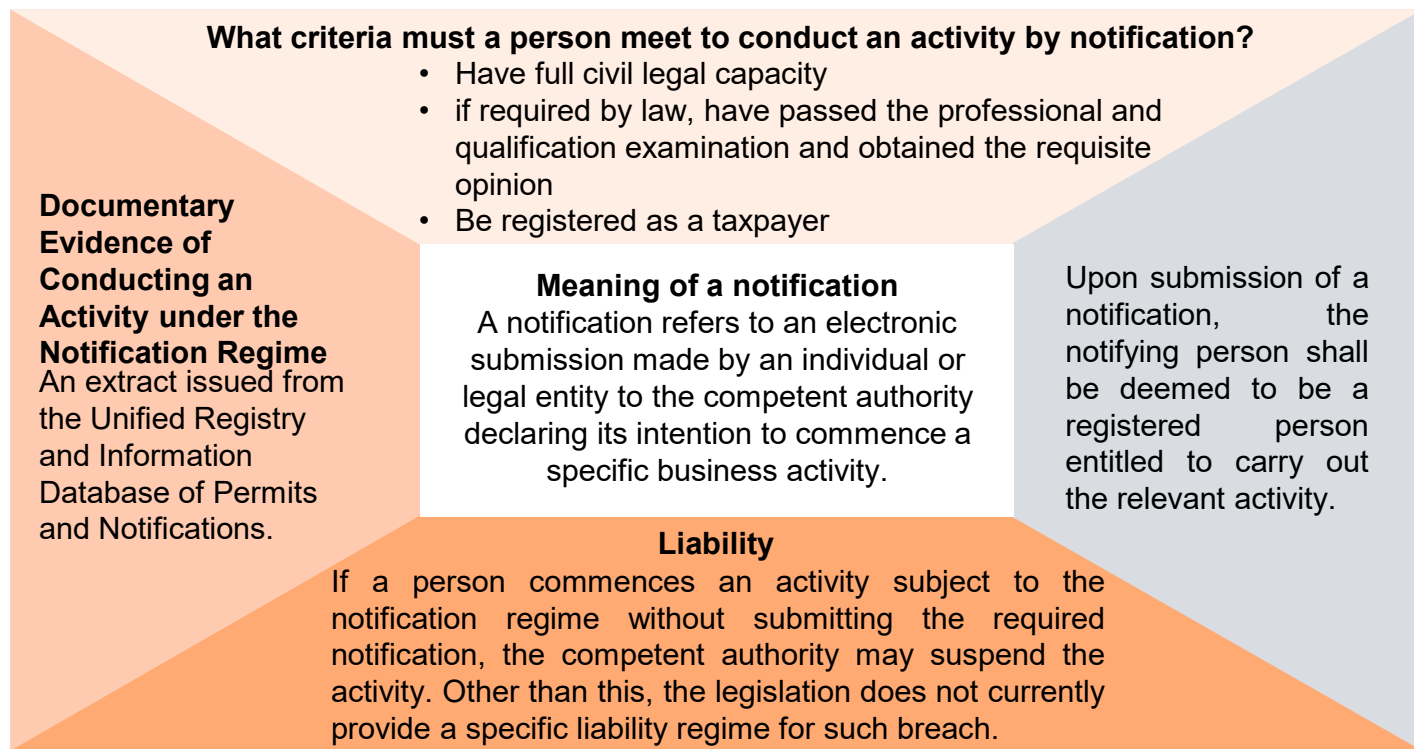
Certain activities that were previously subject to a permit requirement may now be carried out upon submission of a notification, including:

- the provision of tax advisory services by certified tax consultants;
- the establishment of branches, representative offices, and units by non-bank financial institutions; and
- the establishment of branches and representative offices by regulated entities operating in the securities market.

The classification of activities is based on a risk assessment approach. Such assessment must be supported by studies and analyses evaluating the necessity of state regulation of the relevant activity, its economic and social benefits, potential risks to human life and health, and its impact on the environment. Based on the level of risk, activities will be classified as follows:

Risk Level		
Low	Medium	High
Subject to a notification requirement	Subject to an ordinary permit requirement	Subject to a special permit requirement

II. Business Activities Subject to a Notification Regime



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II. Notification Regime (continued)

Notification Regime	
Form	Online by the “E-Business” system
Timing	At least five (5) days prior to the commencement of the relevant business activity
Authorized recipients of notifications	• State bodies or public officials; or • Entities that have been delegated certain governmental functions in accordance with law or contract

III. Additional Provisions Introduced to the Permit Regime

1. New Obligations Imposed on Permit-Issuing Authorities

The amendments introduce the following new obligations for competent authorities responsible for issuing permits:

- ☐ Authorities may not require land, movable or immovable property, machinery, equipment relevant to permit requirements to be owned or possessed by the permit applicant or permit holder.
- ☐ Authorities may not require permit applicants or permit holders to have no outstanding tax liabilities or social insurance contribution arrears as a condition for the issuance, renewal, suspension, or revocation of a permit.

2. Changes to Permit Validity Periods

The amendments extend the validity period of special permits from 5 years to 10 years and that of ordinary permits from 3 years to 5 years.

3. Simplified Permit Renewal Procedure

Where a permit holder has not violated the applicable permit conditions and requirements for a period of at least one year prior to the expiry of the permit, as confirmed by the competent supervisory authority, the permit holder may renew the permit without undergoing a verification procedure. In such cases, the competent authority must renew the permit within two business days of receiving the renewal application.

IV. Issues for Existing Permit Holders

The amendments do not contain any transitional provision deeming activities that have been reclassified from the permit regime to the notification regime to be automatically registered under the notification regime, nor do they require existing permit holders to submit a new notification within a specified period. However, following the entry into force of the amendments, existing permit holders should be aware that they may be required to submit a notification electronically in order to continue conducting activities that have been reclassified from a permit-based regime to a notification regime.



Contact us

If you would like to receive advice regarding the Law on Economic Freedom, the amendments introduced to the 91 accompanying laws, their implementation, or other related legal matters, please contact us. To access the full text of the Law on Economic Freedom, please click [here](#). To access the full text of the Law on Permits and Notifications, please click [here](#).

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