

Changes to the social insurance premium rates

On June 11, 2021, the Mongolian Parliament, State Great Khural, made changes to the social insurance premium rate by adopting the Amendment Law to the Law on Social Insurance (the “Amendment”), effective from July 1, 2021.

Contacts:

Michael Ahern

Partner, Tax and Legal Services Leader
michael.ahern@pwc.com

Tsendmaa Choijamts

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

Maryna Tarnavskaya

Senior Manager
tarnavskaya.maryna@pwc.com

The Mongolian Law on Procedures for the Application of Social Insurance Laws dated 9 June 1994 states that the pension insurance premium rate calculated on the insured's salary and equivalent employment income shall be increased from 7% to 9.5% for the period of 2017 to 2021 subsequently. Thus, given the pension insurance premium rate, which is the highest one among other insurance types, the social and health insurance rates were supposed to become 13.5%-15.5% and 12.5% in total for an employer and an employee respectively starting from 1 January 2021.

However, in response to the COVID-19 pandemic, the Law on Exemption from Social Insurance Contributions and Support from the Unemployment Insurance Fund dated 9 April 2020 (effective from 1 April 2020) provided certain discounts on the social insurance premiums, applicable to Mongolian citizens only. As a result, the discounted rates were applied instead of the normal rates from 1 April 2020 to 1 July 2021, and the normal rates were supposed to resume from 1 July 2021.

Yet, with the Amendment becoming effective, the pension insurance premium was reduced from 9.5% to 8.5% starting from 1 July 2021.

Social insurance types	Normal rate		Reduced rates under COVID exemption		Normal rate as per the Amendment	
	2021.01.1-2021.07.01		2021.01.1-2021.07.01		From 2021.07.01	
	Employer	Employee	Employer	Employee	Employer	Employee
Pension	9.50%	9.50%	8.50%	8.50%	8.50%	8.50%
Benefit	1.00%	0.80%	0.00%	0.00%	1.00%	0.80%
Health	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Unemployment	0.20%	0.20%	0.00%	0.00%	0.20%	0.20%
Industrial accidents and occupational diseases*	0.80%-2.80%	0.00%	0.00%	0.00%	0.80%-2.80%	0.00%
Total	13.50%-15.5%	12.50%	10.50%	10.50%	12.50%-14.5%	11.50%

*Depending on the industry the employer operates, the rate is 0.8%-2.8%.

For more information, please follow the link below.

<https://www.legalinfo.mn/additional/details/3991?lawid=390>

Should you have more questions with this regard, please do not hesitate to contact us.

This Alert is produced by PwC Tax TMZ LLC. The material contained in this alert is provided for general information purposes 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.