

Proposed changes to the tax laws

accompanying the 2024 Budget Law



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Changes to tax laws accompanying the 2024 Budget Law

Mongolian Government has submitted the 2024 Budget Law and accompanying draft laws to the Parliament on October 2, 2023. With this Tax and Legal Alert, we present you the highlights of the proposed changes to the tax laws accompanying the 2024 Budget Law.



Personal Income Tax and Corporate Income Tax

Relevant laws have been prepared to include changes in the Law on Personal Income Tax (PIT) and Corporate Income Tax (CIT) to support the following types of business activities through tax policy.

- a) The Government, provincial, capital, and resident taxpayer's securities traded on the primary and secondary domestic market:**
- Taxable income from the sale of the above-mentioned securities by a non-resident taxpayer will be calculated by deducting the original purchase cost of the security from the sales income of the securities (currently the tax base is the gross amount);
 - Taxable income from the sale of the above-mentioned securities shall be withheld, paid, and reported to the tax authorities by the entity engaged in the central depository and custodian activities of the securities (currently taxes are paid on a self assessment basis); and
 - The tax rate of the income from the sale of the above-mentioned securities will be reduced in the following years at the percentages stated below.

Income type	Tax reduction	
	2024-2026	2027-2029
Income from the sale of publicly traded securities on the primary and secondary domestic securities markets issued by the government, provinces, capital city and resident taxpayers	90%	50%

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b) Countryside housing construction and rental activities

- CIT on sales revenue is deducted as follows:

Income type	Location	Tax reduction	
		2024-2026	2027-2029
Income from the sale of newly built public housing in the country side	Baganuur, Bagahangai, Nalaikh district, Darkhan-Uul and Orkhon province central provincial territories	50%	20%
	In other provinces and soum territories	90%	50%

- CIT and PIT per apartment rental income will be discounted as follows:

Income type	Location	Tax reduction	
		2024-2026	2027-2029
Income from renting an apartment used for public housing	Baganur, Bagahangai, Nalaikh districts and within the territories of the province and soum	90%	50%



Value Added Tax (VAT)

Cattle, milk, leather, cashmere, and wool from sheep and camels sold by herdsmen and livestock owners, and meat, milk, leather, cashmere, and wool, which have not undergone primary processing, are exempted from VAT.



Law on Customs Tariffs and Customs Duties

Government will have the right to give the taxpayers an extension on the payment date of VAT (up to 4 years) or allow 4 installment payments for fixed assets (i.e., mining equipment) imported for enrichment or processing of mining minerals to produce value added products such as mineral concentrate and or final products if the equipment is not available domestically.



Please feel free to contact us in relation to the above and or other tax topics.

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