

**LAW OF MONGOLIA**  
**ON VALUE-ADDED TAX**  
(Newly drafted)

June 29, 2006  
Ulaanbaatar city

(Turiin medeelel #40, 2006)

**CHAPTER ONE**  
**GENERAL PROVISIONS**

**Article 1. Purpose of the law**

1.1. The purpose of this law is to regulate relations concerning imposition of value-added tax and to regulate payment and refund of value-added tax to/from the budget.

**Article 2. Legislation**

2.1. The Value-Added Tax Law shall comprise the General Taxation Law, this law, and other legal acts enacted in conformity with them.

**Article 3. Framework of the law**

3.1. The imposition of value-added tax on goods imported and exported and goods produced and sold, work performed, or services provided by a person or legal entity in the territory of Mongolia shall be subject to this law.

**Article 4. Definition of legal terminologies**

4.1. The terms used in this law shall have the following meanings:

4.1.1. "Sales" means transfer of goods to ownership of others for payments and performance of work and provision of services for payments;

4.1.2. "Goods" means all types of properties other than monetary assets;

4.1.3. "Value-added tax receipt with uniform coding" means an accounting document with uniform coding issued by the tax authority that indicates the type, quantity, unit and total price, and amount of value-added tax imposed on goods sold, work performed, or services provided;

4.1.4. "Economic activity" means a complete or partial sale of goods, performance of work, or provision of services for profit or non-profit purposes;

4.1.5. "Person" means a citizen of Mongolia, foreign national, or stateless person specified in Article 5 of the Personal Income Tax Law;

4.1.6. "Permanent resident or non-resident" refers to the concepts specified in Articles 6 and 7 of the Personal Income Tax Law;

4.1.7. "Legal entity" means an entity registered in accordance with Article 7 of the Law on State Registration of Legal Entity and obtained the

state registration certificate of a legal entity in accordance with paragraph 17.4 of the same law;

4.1.8. "Service" means any activity other than sale of goods and monetary transactions;

4.1.9. "Premise used for housing purpose" means a building put into use for the purpose of residential housing and that is subject to value-added tax under this law;

4.1.10. "Day determined as a value-added taxpayer" means the first day of a month following the day on which the amount of sales revenue of a person or legal entity that earns income from its activities specified in Article 3 of this law has reached 10.0 million togrogs or more as reported in legal entity or personal income tax returns;

4.1.11. "Goods received from foreign governments and non-government international or charitable organizations as humanitarian assistance or grant aid" means goods supplied for the purpose of removing damages resulted from force majeure or other equivalent disasters and goods received without payment from international humanitarian organizations as specified in agreements entered between the Government of Mongolia and foreign governments or international organizations;

4.2. Goods, work, or services purchased domestically with funds (monetary assets) provided by foreign governments and international or charitable organizations as part of the humanitarian assistance or grant aid shall be included in subparagraph 4.1.11 of this law.

## **CHAPTER TWO**

### **TAXPAYER AND REGISTRATION AND DE-REGISTRATION OF A TAXPAYER**

#### **Article 5. Value-added taxpayer**

5.1. An entity that imports or exports goods and citizen and legal entity that produces or sells goods, performs work, or provides services in the territory of Mongolia shall be a value-added taxpayer.

5.2. The paragraph 5.1 of this law shall apply to the representative office of a foreign legal entity with sales revenues of goods sold, work performed, or services provided in the territory of Mongolia of 10 million togrogs or more.

5.3. A person who employs under a labor contract on a permanent or temporary basis shall not be considered a value-added taxpayer and salaries, wages, additional wages, benefits, and bonuses provided to the taxpayer shall not be subject to value-added tax.

#### **Article 6. Registration and de-registration of a value-added taxpayer**

6.1. An entity that qualifies for the conditions provided in subparagraph 4.1.10 of this law shall submit its application to register as a value-added taxpayer to a relevant tax authority within 3 working days.

6.2. The tax authority shall register the entity as a value-added taxpayer and issue the certificate within 2 working days after receiving a request from the entity specified in subparagraph 4.1.10 other than those specified in subparagraph 7.1.3 and Article 13 of this law.

6.3. The Chairman of the General Department of National Taxation shall approve the format of the certificate specified in paragraph 6.2 of this law.

6.4. A person or legal entity that qualifies for the following conditions may be registered voluntarily as a value-added taxpayer:

6.4.1. Sales revenue from primary production, work, and services subject to value-added tax has reached 80 percent of the income specified in subparagraph 4.1.10 of this law;

6.4.2. Invested USD 2.0 million or more in Mongolia regardless of sales revenues from primary production, work, and services has reached the amount specified in subparagraph 6.4.1 of this law.

6.5. The revenue and investment specified in paragraph 6.4 of this law shall not only be certified by legal entity or personal income tax returns of the prior year but also be certified by the entity's accounting practices in conformity with the Accounting Law and international standards.

6.6. The period specified in paragraphs 6.1 and 6.2 of this law shall apply to the submission of the request for registering voluntarily as a value-added taxpayer and issuance of the certificate.

6.7. If one or several legal entities own more than 66 percent of property or voting rights of two or more legal entities, the entities may be registered as a value-added taxpayer as a group. However, each legal entity included in the group shall be a value-added taxpayer as specified in this law.

6.8. A permit in writing that allows registration as a group as provided in paragraph 6.7 of this law shall be obtained from the tax authority.

6.9. One of the entities registered as specified in paragraph 6.7 of this law shall take the obligations of value-added taxpayer on behalf of the group and correspond with the tax authority.

6.10. Each entity specified in paragraph 6.7 of this law may not be required to make value-added tax settlement nor submit the tax statement. However, the entities shall keep accounting books as provided in laws and be liable for its actions on the basis of a value-added taxpayer.

6.11. If the amount of taxable income of a person or legal entity has not reached 10.0 million togrogs in legal entity or personal income tax returns in a one-year period following the registration as a taxpayer and the income may not reach 10.0 million togrogs in the subsequent years, the tax authority shall de-register the taxpayer and withdraw the certificate.

6.12. The General Department of National Taxation shall publicize nationally a list of persons and legal entities registered or de-registered as value-added taxpayers to the public through the mass media and its website on a monthly basis.

6.13. The de-registration of an entity shall not justify the entity to be relieved from obligations derived from activities conducted while being a value-added taxpayer under the Value-Added Tax Law, or being registered as a value-added taxpayer again.

### **CHAPTER THREE**

#### **GOODS, WORK, AND SERVICES SUBJECT TO VALUE-ADDED TAX**

##### **Article 7. Goods, work, and services subject to value-added tax**

7.1. Except as otherwise provided for in this law, value-added tax shall be imposed on the following goods, work, and services:

7.1.1. All types of goods sold in the territory of Mongolia;

7.1.2. All types of goods exported for the purpose of sale, consumption, or use outside the territory of Mongolia;

7.1.3. All types of goods imported for the purpose of sale, consumption, or use in the territory of Mongolia;

7.1.4. Work performed and services provided in the territory of Mongolia.

7.2. If the total value of work performed and services provided by a foreign legal entity that does not reside in the territory of Mongolia and non-resident individual is 10.0 million togrogs or more, it shall be subject to subparagraph 7.1.4 of this law.

7.3. The following activities shall be treated as "sale of goods:"

7.3.1. To sell rights to conduct economic activities or specific businesses;

7.3.2. When a taxpayer retains business assets upon the termination of trade, production, work, and services and the de-registration from the registry;

7.3.3. To credit the tax from goods as specified in article 14 of this law;

7.3.4. To pay off debts by transferring goods;

7.3.5. When an individual who does not reside in the territory of Mongolia sells goods based on orders placed by a person or legal entity of Mongolia.

7.4. The following activities shall be treated as "provision of services:"

7.4.1. To provide electricity, heat, gas, water, sewer, postal, communications, and other services;

7.4.2. To lease goods or allow one to possess or use them in other forms;

7.4.3. To rent out rooms in hotels or similar places or allow one to possess or use them in other forms;

7.4.4. To rent out rooms in houses or buildings or allow one to possess or use them in other forms;

7.4.5. To lease immovable and movable property other than houses and buildings or allow one to possess or use them in other forms;

7.4.6. To transfer, lease, or sell innovations, product designs, useful designs, copyrighted works, trademarks, know-how, and information on assets;

7.4.7. To issue lotteries, operate quizzes or gambling or provide intermediary services;

7.4.8. To pay off debts by performing work or providing services;

7.4.9. When an individual who does not reside in the territory of Mongolia performs work and provides services based on orders placed by a person or legal entity of Mongolia;

7.4.10. To pay interest and fines to others due to misconduct;

7.4.11. To credit the tax from work and services as provided in article 14 of this law.

7.5. The following conditions shall be satisfied to impose tax on goods, work, and services specified in paragraph 7.1 of this law:

7.5.1. An entity must be a value-added taxpayer as provided in articles 5 and 6 of this law;

7.5.2. Sales must be made as part of economic activities.

7.6. Subparagraph 7.5.1 of this law shall not apply to subparagraph 7.3.5 and 7.4.9 of the law.

## **CHAPTER FOUR**

### **PROCEDURES FOR IMPOSING VALUE-ADDED TAX**

#### **Article 8. Imposition of value-added tax**

8.1. Value-added tax shall be imposed based on the following procedures:

8.1.1. At each time when goods, work, or services imported, exported, or sold;

8.1.2. At final sale in the case of construction and assembly;

8.1.3. At each time when the scheduled payment is made for a finance leased asset purchased or imported.

8.2. "Industry Classification of All Economic Activities" shall be abided by to impose tax on income specified in article 7 of this law and exempt from tax as provided in article 13 of this law.

8.3. "Classification" specified in paragraph 8.2 of this law shall be approved by the member of government in charge of finance.

#### **Article 9. Taxable amount of value-added tax**

9.1. The taxable amount of value-added tax shall be determined based on the following procedures:

9.1.1. The taxable amount of value-added tax for imported goods shall be determined by adding customs duty, excise tax, and other taxes to customs value determined in conformity with the Customs Tariff Law of Mongolia;<sup>1</sup>

9.1.2. The taxable amount of value-added tax for goods produced and sold, work performed, or services provided in the territory of Mongolia shall be determined based on fair market value and tariffs thereof;

9.1.3. The taxable amount of value-added tax for the activities specified in subparagraphs 7.3.1 and 7.3.2 of this law shall be determined based on fair market value and tariffs of the goods, work, and services;

9.1.4. The taxable amount of value-added tax for a person or legal entity that operates lotteries, quizzes, or gambling shall be determined by deducting the total pay-out from the total money paid by participants;

9.1.5. If debt is paid off by transferring goods, performing work, or providing services, value-added tax shall be imposed on total value of such goods, work, or services.

9.2. In the following cases, the tax authority shall use fair market value or tariffs to determine the taxable amount:

9.2.1. Price or tariff of goods sold, work performed, or services provided is not available;

9.2.2. Goods, work, or services are exchanged;

9.2.3. Related parties sold goods, performed work, or provided services free of charge or at value lower or higher than fair market value.

9.3. In case of the taxable amount is expressed in a foreign currency, it shall be converted into togrogs based on an exchange rate established by the Bank of Mongolia on a day specified in paragraph 10.2 of this law.

---

<sup>1</sup> 'Customs Tariff Law,' State Gazette, No. 9, 1999

## **Article 10. Time of tax imposition**

10.1. The time of imposition of value-added tax on income of a person or legal entity registered as a taxpayer shall commence on the day of the certificate issued by the tax authority.

10.2. The time of imposition of value-added tax on goods sold, work performed, or services provided shall be the earliest of the following:

10.2.1. The day when the seller issues the receipt specified in subparagraph 4.1.3 of this law;

10.2.2. The day when the seller receives payment for the sale of goods, work, or services;

10.2.3. The day of purchase of goods, work, or services;

10.3. The time of imposition of value-added tax on electricity, heat, gas, water, postal, communications, and other regular services shall be the earliest of the day of issuance of the receipt specified in subparagraph 4.1.3 of this law or the receipt of payment.

10.4. The time of imposition of value-added tax on goods specified in subparagraph 7.3.2 of this law shall be the day of retention of the goods.

10.5. The time of imposition of value-added tax on imported goods shall be the day when goods are declared to the customs authority.

10.6. A retailer shall issue the receipt specified in subparagraph 4.1.3 of this law once a month and a wholesaler shall issue the receipt at each time of the sale.

## **CHAPTER FIVE**

### **VALUE-ADDED TAX RATES**

#### **Article 11. Value-added tax rates**

11.1. Except as provided for in this law, value-added tax rate shall be 10 percent of the taxable amount of goods imported, produced or sold, work performed, or services provided.

11.2. Value-added tax shall be imposed on goods, work, or services specified in article 12 of this law shall zero ("0").

#### **Article 12. Application of the zero rate**

12.1. Value-added tax imposed on the following goods, work, or services exported shall be zero:

12.1.1. Goods exported outside the territory of Mongolia for the purpose of sale and declared to the customs authority;

12.1.2. Services of passenger and freight transport from the territory of Mongolia to a foreign country, from a foreign country to the territory of Mongolia, or from a foreign country to another country through the territory of Mongolia;

12.1.3. Services provided in a foreign country (including tax-exempt services);

12.1.4. Services provided to a foreign citizen or legal entity that was not present in the territory of Mongolia during the provision of the services (including tax-exempt services);

12.1.5. Services provided to domestic or international aircrafts conducting international flights such as navigation, engineering and refueling

services, cleaning, and in-flight provision of sales, meals, and drinks for passengers and aircrews.

12.1.6. State medals and coins produced domestically upon the receipt of orders placed by the Government and Bank of Mongolia.

12.2. Subparagraph 12.1.4 of the law shall not apply to services provided in direct relation to movable and immovable property located in the territory of Mongolia.

12.3. Paragraph 12.1 of this shall apply to a person or legal entity, registered as a taxpayer, conducts export activities based on agreements entered with a foreign national and legal entity.

12.4. The person or legal entity specified in subparagraph 12.1.4 of this law shall be considered absent in the territory of Mongolia in the following circumstances:

12.4.1. Has a representative office in that country but not in Mongolia;

12.4.2. Has no representative office in that country but resides or stays in a country other than Mongolia on a permanent basis;

12.4.3. Has representative offices in both that country and Mongolia but the services are used primarily for the representative office in a foreign country.

## **CHAPTER SIX**

### **EXEMPTIONS FROM VALUE-ADDED TAX**

#### **Article 13. Exemptions from value-added tax**

13.1. The following goods shall be exempted from value-added tax:

13.1.1. Passengers personal items in amounts approved and permitted by the customs authority for tax-free entry;

13.1.2. Goods imported for the use of foreign diplomatic missions, consular offices, the United Nations, and its specialized agencies residing in the territory of Mongolia on a permanent basis;

13.1.3. Goods purchased, works performed, or services provided in the territory of Mongolia for the official use of a diplomatic missions and consular offices or for the personal use of their employees residing in Mongolia, if goods, works, and services purchased for the official use of a diplomatic missions and consular offices of Mongolia or for the personal use of their employees in foreign countries are exempted from tax in respective countries;

13.1.4. Humanitarian and non-repayable aid goods obtained from governments and non-governmental organizations of foreign countries, international and charitable organizations;

13.1.5. Custom appliances for developmentally challenged persons;

13.1.6. Weapons and special equipments imported for armed forces, police, and state security and judicial enforcement agencies;

13.1.7. Civil aviation aircrafts and spare parts;

13.1.8. Income from sale of an apartment and its part used for residential purposes;

13.1.9. Equipments, materials, raw materials, spare parts, gasoline, and diesel fuel imported for the purpose of oil exploration, extraction, and use under a product-sharing agreement entered with government in the oil industry;

13.1.10. Blood, blood products, and organs for medical treatment purposes;

13.1.11. Gaseous fuel and its containers, equipments, custom machinery, mechanisms, tools, and spare parts;

13.1.12. Mongolian currencies printed in foreign countries by orders;

13.1.13. Gold sold;

13.1.14. Newspapers sold.

13.2. Government shall approve the list of goods associated with subparagraph 13.1.11 of this law.

13.3. Subparagraph 13.1.3 of this law shall not apply to one-time purchase of goods, work, or services costing less 10,000 togrogs.

13.4. Subparagraph 13.1.6 of this law shall not apply to the purchase of non custom-made vehicles.

13.5. Subparagraph 13.1.8 of this law shall not apply to newly built apartment or its part by purpose of sale.

13.6. The following services shall be exempted from value-added tax:

13.6.1. Currency exchange operations;

13.6.2. Bank transactions concerning receipt and transfer of money, issuance of guarantee and invoicing, and services for notes payable and savings deposit;

13.6.3. Services concerning insurance, re-insurance, and property registration;

13.6.4. Transactions concerning issuance, transfer and receipt of securities, stocks, and guarantees;

13.6.5. Services concerning issuance of advances and loans;

13.6.6. Transactions concerning issuance and transfer of interest for placement of monetary assets of social and health insurance funds;

13.6.7. Services concerning payment of interest, dividend, fee for loan guarantee, and fee for insurance contract for bank or finance lease;

13.6.8. Services concerning rental of an apartment and its part used for residential purpose;

13.6.9. Services concerning of provision of education and professions specified in by-laws of a person or legal entity that hold licenses to provide educational and professional training;

13.6.10. Health services;

13.6.11. Services of religious organizations;

13.6.12. State services provided by government and its affiliate and budgetary organizations;

13.6.13. Public transport services specified in subparagraph 3.1.11 of the Road Transport Law;<sup>2</sup>

13.6.14. Services provided (tour operator) for tourists such as receipt of tourists, promotion and planning of services, and collection of documents based on an agreement entered by a legal entity conducting tourism activities with foreign tourism organizations;

13.7. Producers and work or service providers (other than importers) with annual sales revenues of 10.0 million togrogs or less shall be exempted from value-added tax.

---

<sup>2</sup> 'Road Transport Law,' State Gazette, No. 28, 1999



13.8. Subparagraph 13.6.10 of this law shall not apply to the production, purchase, and sale of medicines, medicinal preparation, and medical devices or equipments.

13.9. The services specified in subparagraph 13.6.14 of this law shall not apply to tourist camps, restaurants, tour transport, and hotel services.

13.10. A tax refund principle shall be abided by when providing the tax exemptions specified in subparagraph 13.1.3 of this law to foreign diplomatic missions and consular offices and their employees.

13.11. Goods, work, or services transferred free of charge or used for personal purposes other than for production shall not be exempted from value-added tax.

## **CHAPTER SEVEN**

### **CREDIT AND REFUND OF VALUE-ADDED TAX**

#### **Article 14. Credit of value-added tax**

14.1. The following value-added tax paid by a person or legal entity as provided in articles 7, 8, and 11 of this law during a period following its registration, as a value-added taxpayer, shall be credited against its value-added taxes due to the budget:

14.1.1. Paid for goods purchased, work performed, or services provided for the purposes of production and services;

14.1.2. Paid for goods, works, or services directly imported for the purpose of sale, production and services;

14.1.3. If goods, work, or services are purchased with value-added tax at the time of registration as a value-added taxpayer, value-added tax paid shall be deducted from the total value;

14.1.4. If a person or legal entity that runs animal husbandry or agricultural business sells unprocessed meat, milk, eggs, leather, or grains prepared or planted to domestic producers, it shall be assumed that value-added tax at the rate of 10 percent is already included in the price and the amount equal to 10 percent shall be deducted from the buyer's value-added tax.

14.2. Value-added tax credit shall not be granted to the primary raw materials specified in subparagraph 14.1.4 of this law resold through intermediaries after they have been imported or purchased.

14.3. Value-added tax credit shall not be granted if value-added tax paid by a buyer to a vendor is not substantiated by invoices, receipts, or other accounting documents.

14.4. Value-added tax paid in the course of import or purchase of the following goods, work, or services shall not be credited against total value-added taxes due by a buyer:

14.4.1. Automobiles and its components and spare parts;

14.4.2. Goods or services purchased for personal or employee uses;

14.4.3. Goods, work, or services imported or purchased for the purpose of productions and services specified in article 13 of this law;

14.5. Subparagraph 14.4.1 of this law shall not apply to a legal entity, a value-added taxpayer, that sells automobiles, automobile components and spare parts based on its contracts and procedures.

14.6. If the amount of credit due in a given month as provided in paragraph 14.1 of this law exceeds total value-added tax due in the same period, the tax authority shall do the following:

14.6.1. To credit against value-added tax due in the next month, quarter, or year;

14.6.2. To credit against payments of other types of taxes due to the state or local budgets in conformity with laws;

14.7. If part of goods, work, or services imported or purchased for production and service purposes is used for production or services subject to value-added tax and the remaining is used for production or service to be exempted from tax, only the part used for production or services subject to value-added tax shall be subject to credit.

### **Article 15. Refund of value-added tax**

15.1. In the case of excess payments or as otherwise provided in laws, value-added tax shall be refunded to a taxpayer in the following procedures:

15.1.1. A taxpayer who has overpaid value-added tax shall submit a written request of refund to the tax authority upon the submission of tax report;

15.1.2. The diplomatic missions and consular offices and their employees specified in Subparagraph 13.1.3 of this law shall submit a request for refund of value-added tax paid on domestic purchase goods, works, or services in a given month to the General Department of National Taxation by the 10th of the next month;

15.1.3. A tax office shall review, confirm, and submit its opinion to the General Department of National Taxation within 15 working days following the receipt of request specified in Subparagraph 15.1.1 of this law;

15.1.4. The General Department of National Taxation shall review the request and opinion submitted in subparagraphs 15.1.2 and 15.1.3 of this law, determine the refundable amount, and provide written notice to the taxpayer within 7 working days after it received the request and opinion, and submit its findings in addition the taxpayer's name, registration number, bank account number, refundable amount, and total arrears to the state administrative unit in charge of finance within 2 working days.

15.1.5. The state administrative unit in charge of finance shall pay a refund within 45 working days after it has received the findings specified in Subparagraph 15.1.4 of this law.

15.2. Regulations concerning the value-added tax credit, refund, and bookkeeping of the transactions shall be approved by the member of government in charge of finance.

15.3. The value-added tax refund shall be part of the state budget and not exceed 30 percent of total value-added tax revenue of the budget in a given month, quarter, or year.

15.4. The entity specified in Paragraph 6.9 of this law shall be entitled to the value-added tax credit or a refund for the tax overpaid.

15.5. If a taxpayer exports products of its own production, the refund shall be issued once a month from the state budget. For other taxpayers, the refund shall be issued once a quarter from the state budget.

## CHAPTER EIGHT

### PAYMENT OF VALUE-ADDED TAX TO THE BUDGET AND REPORTING

#### **Article 16. Imposition of value-added tax on goods, work, or services, and its payment to the budget and reporting**

16.1. A taxpayer shall transfer value-added tax imposed on goods, work, or services to the state treasury by the 10th of the next month in accordance with the following regulations and submit the tax report to the tax authority:

16.1.1. A taxpayer shall pay tax imposed on goods sold, work performed, or services provided in a given month to the budget;

16.1.2. When a person or legal entity of Mongolia purchases goods, work, or services specified in subparagraphs 7.3.5 and 7.4.9 of this law from an entity that does not reside or stay in Mongolia, it shall impose and withhold value-added tax on value of the goods, work, or services and make payment to the budget.

16.1.3. An entity that makes the payments shall pay value-added tax imposed on goods, work, or services included in the payment of the debt specified in subparagraphs 7.3.4 and 7.4.8 of this law.

16.2. Value-added tax shall be imposed on goods imported and reported in conformity with the following procedures:

16.2.1. The customs authority shall measures to impose value-added tax on imported goods specified in Subparagraphs 7.1.3 and 8.1.1 of his law in accordance with subparagraph 9.1.1 and Paragraph 11.1 of this law and make payment to the budget;

16.2.2. The importer shall transfer the tax imposed as provided in subparagraph 16.2 of this law to the state treasury;

16.2.3. The General Department of Customs shall prepare a monthly statement with respect to payment of value-added tax and submit it the state administrative unit in charge of finance by the 10th of the next month and annual statement by January 15 of the next year.

16.3. The Chairman of the General Department of Customs shall approve the form used for valued-added tax imposed on goods specified in paragraph 16.1 of this law.

16.4. The customs authority shall provide information requested by the tax authority on imposition of value-added tax on imported goods and its payment on a timely basis.

## CHAPTER NINE

### LIABILITIES FOR VIOLATORS OF LAWS AND REGULATIONS

#### **Article 17. Liabilities for violators of laws and legislations**

17.1. If it is determined that a person or legal entity obliged to be registered as provided in Paragraphs 6.1 and 6.2 of this law produces or sells goods, performs work, or provides services without registration and certificate obtained from tax authority and fails pay value-added tax, a state inspector shall ensure the payment of taxes due and impose the following liabilities:

17.1.1. To impose interest equal to 0.3 percent of total value-added tax due;

17.1.2. To impose penalty equal to no more than 50 percent of total value-added tax due.

17.2. If it is determined that a person or legal entity registered as a value-added taxpayer did not impose value-added tax on goods produced or sold, work performed, or services provided or did not pay tax even though it is imposed, a state inspector shall impose liabilities as provided in Paragraph 17.1 of this law.

17.3. If it is determined that one produces or sells goods, performs work, or provides services without registration or certificate in accordance with paragraphs 6.1 and 6.2 of this law and does not pay the tax even though value-added tax is imposed, a state inspector shall impose liabilities as provided in Paragraph 17.1.1 of this law and fines not exceeding total tax due.

## **CHAPTER TEN**

### **OTHER**

#### **Article 18. Entry into force**

18.1. This law shall come into force as of January 1, 2007.

CHAIRMAN OF THE STATE  
IKH HURAL

NYAMDORJ. TS

## REPEALING THE LAW

**Article 1.** The following laws shall be considered repealed due to the approval of the Value-added Tax Law (newly drafted).

1.1. The Law on Value-Added Tax Exemption of Citizen Identity Card Printing Materials and Equipments and its Spare Parts approved by the State Great Hural on October 18, 2001.

1.2. The Law on Value-Added Tax Exemption approved by the State Great Hural on October 18, 2001 concerning the implementation of the “Millennium Road” Project.

1.3. The Law on Value-Added Tax Exemption of Import of Materials and Equipment as Part of “Creation of Aerial Fiber-Optical Cable Transmission Network between Bulgan and Moron” Project approved by the State Great Hural on October 9, 2003.

1.4. The Law on Value-Added Tax Exemption of Import of Electricity by Western Electricity Transmission Network LLC from the Russian Federation approved by the State Great Hural on December 26, 2003.

1.5. The Law on Value-Added Tax Exemption of Some Materials, Machinery, Mechanisms, Equipments, Goods, Works, and Services approved by the State Great Hural on August 4, 2005.

**Article 2.** This law shall come into force on the day of the entry of the Value-Added Tax Law (newly drafted) approved on June 29, 2006, into force or as from January 1, 2007.

SPEAKER OF THE STATE  
GREAT HURAL OF MONGOLIA                      NYAMDORJ. TS

## REPEALING THE LAW

**Article 1.** The Value-Added Tax Law approved on January 8, 1998, shall be considered repealed.

**Article 2.** This law shall come into effect on the day of the entry of the Value-Added Tax Law (newly drafted) approved on June 29, 2006, into force or as from January 1, 2007.

CHAIRMAN OF THE  
STATE IKH KHURAL                                              TS.NYAMDORJ