

EXCISE TAX LAW OF MONGOLIA

January 21, 1993
Ulaanbaatar
/"Government Information", 1993, No. 2/

Article 1. The Purpose of the law

The purpose of the present law is to impose excise tax on certain imported and domestic goods and to govern relations in respect of payment of such tax to the budget.

Article 2. The legislation on the excise tax

The legislation on excise tax shall consist of the General Law on Taxation, the present law and other laws and regulations enacted in conformity with them.

Article 3. The excise taxpayers

Individuals and business entities and organizations, which import or produce goods subject to excise tax shall constitute as excise taxpayers.

Article 4. The goods subject to the excise tax

The following goods shall be subject to excise tax:

- 1) all kinds of alcohol;
- 2) all kinds of tobacco;
- 3) *(This subparagraph was annulled by Law of December 3, 1993);*
- 4) gasoline and diesel fuels; *(This subparagraph was added by Law of April 17, 1997)*
- 5) passenger's vehicles; *(This subparagraph was added by Law of April 18, 1997)*
- 6) *(This subparagraph was annulled by Law of January 22, 1999)*

Article 5. Excise tax valuation

1. *(This paragraph was removed by Law of April 18, 1997)*
2. The excise tax value of goods produced within the territory of Mongolia shall be determined on the basis of the producer's selling price.
3. If the imported or selling price can not be established, the excise tax valuation shall be determined in respect of imported goods by the customs administration and respect of goods produced within the territory of Mongolia by the National Tax Administration in accordance with procedures established by the Minister of Finance. *(Amendments were introduced by Law of April 18, 1997)*
4. If goods are subject to excise tax are sold to business entities and organization, which have commercial affiliation, at unreasonably low prices, the excise tax value shall be based on the price at which such goods are sold to non-associated economic entities and organizations.

5. The excise tax shall be imposed on the imported goods, which are described in paragraphs 1, 2, 4, 5 of article 4 of the present law. *(This paragraph was added by Law of December 12, 1994 and re-edited by Law of April 18, 1997)*

Article 6. Excise tax rates

1. The excise tax shall be levied at the following rates on goods referred to in paragraphs 1, 2 and 4 in article 4 of the present law:

Goods Subject To Excise Tax	Excise Tax Rates		
	Domestic Goods Ad Valorem Rates	Specific Rates, \$US	Imported Goods Specific Rates, \$US
1. Raw spirits	85	-	7.0 per liter
2. Hard alcoholic Beverages			
Up to 40°	80		5.0 per liter
over 40°	80		6.0 per liter
3. Wine	30		0.75 per liter
4. Tobacco products		0.30/100 per sticks	0.30/100 per sticks
5. Pipe tobacco and other identical tobacco		0.15 per 1 kg	0.15 per 1kg
6. Beer		0.20 per 1 liter	0.20 per 1 liter
7. Gasoline (Automotive)			
Octane up to 90	-	11.0 per 1 ton	
Octane over 90	-	12.0 per 1 ton	
8. Diesel fuel	-	15.0 per 1 ton	

(This paragraph was re-edited by the Law of April 18, 1997 and by Law of May 12, 1999.

Provisions 7 and 9 were added by the Law of November 9, 2001)

(Provision 6 was added by the Law of November 17, 2000)

(Provisions 3, 4 and 5 were amended by the Law of November 17, 2000)

2. The Government may reduce the excise tax rates of domestically produced raw spirits, alcoholic beverages and wine by up to 20 points considering profitability of manufacturing such products, and market demand and supply. *(This paragraph was amended by the Law of February 3, 2000.)*
3. The Excise tax shall be levied at the following rates on the goods indicated in paragraph 4 in article 4 of the present law depending on frontier post through which the goods are imported after May 1, 1996:

(in \$US)

Frontier post	Gasoline (octane determined by test)		Diesel fuel
	Up to 90 octane	Over 90 octane	
1. <u>Tsagaannuur</u> , <u>Yarant</u> , <u>Handgait</u> , <u>Tes</u> , <u>Borshoo</u> , <u>Burgastai</u> , <u>Gashuun</u> , <u>Sukhait</u>	11.0	12.0	15.0
2. <u>Hankh</u>	17.0	21.0	19.0
3. <u>Sukhbaatar</u> , <u>Zamyn -Ud</u> , <u>Ereentsav</u>	38.0	43.0	48.0

(This paragraph was added by the Law of June 2, 1995, re-edited by Law of April 18, 1997 and amended by Law of August 28, 1998)

4. Considering the period since the date of manufacturing, the excise tax on imported passenger vehicles, specified in Paragraph 5, Article 4 of the present law, shall be imposed in the following amount per each vehicle (in \$US). *(This paragraph was amended by the Law of January 6, 2000)*

Period since the date of manufacturing	Tax Amount
0-3 years	500
From 3 to 10 years	1,000
More than 10 years	2,000

Article 7. Exemption from excise tax

The following goods are exempted from excise tax:

- 1) exported goods produced within the territory of Mongolia;
- 2) domestically produced spirits distributed to food factories for the production of hard alcoholic beverages and also for medical use and veterinary medicine; *(This subparagraph was added by the Law of April 18, 1997)*
- 3) domestically produced beer and home-made liquor distilled from milk; *(This subparagraph was re-edited by the Law of December 12, 1994 and by the Law of November 17, 2000)*
- 4) snuff tobacco; *(Amendments were introduced by the Law of April 18, 1997)*
- 5) Duty free alcohol and tobacco imported for personal use under the permission of Customs Administration;
- 6) Gasoline (automotive) and diesel fuel imported for oil-related business activities, which are carried out in accordance with an agreement, signed with the Government on basis of the product sharing principle in the oil sector. *(This subparagraph was added by the Law of January 27, 2000.)*
- 7) Passenger vehicles (not more than 1) for personal use of individuals who are permanently returning home after having worked for more than 1 year at the diplomatic and consular missions of Mongolia in foreign countries as well as in the intergovernmental international organizations. *(This subparagraph was added by Law of January 28, 2000.)*

Article 8. Levying and payment of excise tax to the budget

1. Excise tax on imported goods shall be levied by the customs administration each time when these goods are imported on the territory of Mongolia and shall be deposited together with VAT to the account of the Customs Administration. The Customs Administration shall remit it from its account to the state budget within 3 days. *(This paragraph was amended by Law of April 18, 1997)*
2. The excise tax levied on goods produced within the territory of Mongolia shall be paid to the budget on the 11th, 21st and the last day of each month and the report shall be submitted to the National Tax Administration before the 5th of the following month. *(This paragraph was amended by the Law of April 18, 1997)*

3. *(This paragraph was annulled by the Law of January 22, 1999)*

Chairman of State Ikh Khural
R. GONCHIGDORJ

Ulaanbaatar

PS: The amendments and additions made to the present law were included until November 2001.