



LAW OF MONGOLIA

June 29, 2006

State Palace House, Ulaanbaatar

EXCISE TAX

(Amended Law)

Article 1. Purpose of the law

1.1. The purpose of this law is to impose excise tax on specific domestic and imported goods, special purpose technical devices and equipment that are used for quizzes and gambling, and individuals and juristic persons that conduct these activities and to govern relations in respect of payment of such tax to the budget.

Article 2. Legislation on excise tax

2.1. The legislation on excise tax shall comprise the General Taxation Law,¹ this law and other legal acts enacted in conformity with them.

Article 3. Excise taxpayer

3.1. Individuals and juristic persons that import goods, domestically produce and sell goods, or conduct quizzes and gambling activities that are subject to excise tax in this law shall be excise taxpayer.

Article 4. Goods and activities subject to excise tax

4.1. The following goods shall be subject to excise tax:

- 4.1.1. All types of alcoholic beverages;
- 4.1.2. All types of tobacco;
- 4.1.3. Gasoline and diesel fuel; and
- 4.1.4. Automobiles.

¹ The General Taxation Law was published in Issue 1, 1993, Compilation 'Government Information.'

4.2. Excise tax shall be imposed on physical units of special purpose technical devices and equipment that are used for quizzes and gambling, and activities of individuals and juristic persons which conduct these activities.

Article 5. Physical units subject to excise tax

5.1. Imposition of excise tax with respect to goods specified in Article 4. 1 of this law shall be based on the following physical units:

No	Title and type of goods subject to excise tax	Physical unit subject to excise tax
1	All types of alcoholic beverages	1 liter
2	Cigarettes and similar tobacco items	100 pieces
3	Pipe tobacco and similar bulk tobacco	1 kg
4	Gasoline and diesel fuel	1 ton
5	Automobile	1 piece

5.2. Imposition of excise tax on goods produced in the territory of Mongolia shall be determined on the basis of total physical units of goods sold by a producer.

5.3. In case of goods subject to excise tax are transferred and donated free of charge or used by individual and juristic person for personal use, such goods shall be considered sold and be subject to excise tax.

5.4. Imposition of excise tax on special purpose technical device and equipment specified in Article 4.2 of this law shall be based on the following physical units:

No	Type of goods subject to excise tax	Physical unit subject to excise tax
1	Gaming table or roulette	1 piece
2	Slot machine	1 piece
3	Cashier or totalizer that provides results of gambling	1 piece
4	Bookmaker center that estimates the bets	1 piece

Article 6. Excise tax rate

6.1. Excise tax shall be imposed on physical units of goods specified in Articles 4.1.1 and 4.1.2 of this law and those of domestically produced gasoline and diesel fuel at the following rates:

No	Type of goods subject to excise tax		Physical unit	Excise tax rate (converted to USD)		
				Domestic goods		Imported goods
1	Spirits for food	Sold to distillery producers	1 liter	1.00		
		Sold to others	1 liter	10.00		-
2	All types of alcohol	Up to 40 percent	1 liter	Aimag	Capital city	5.00
				1.6	2.00	
		40 percent and more	1 liter	4.50	4.50	6.00
3	Mongolian milk alcohol distilled using a production method		1 liter	0.20		-
4	All types	Up to 35 percent	1 liter	0.50		1.50
		35 percent and more	1 liter	4.50		6.00
5	All types of beer		1 liter	0.20		0.20
6	Cigarettes and other similar tobacco		100 pieces	0.60		0.60
7	Pipe tobacco and other similar bulk tobacco		1 kg	0.30		0.30
8	Gasoline	Up to 90-octane	1 ton	11.00		-
		90-octane and more	1 ton	12.00		-
9	Diesel fuel		1 ton	15.00		-

6.2. Excise tax shall be imposed on gasoline and diesel fuel specified in Article 4.1.3 of this law at the following rates based on point of import at frontier posts:

No	Frontier post	Excise tax rate (converted to USD)		
		Gasoline (amount of octane determined by an analytical method)		Diesel fuel
		Up to 90-octane	90-octane and more	
1	Tsagaannuur, Yarant, Borshoo, Artssuuri, Tes, Burgastai, and Gashuun Sukhait	11.00	12.00	15.00
2	Khankh and Ulikhan Maikhan	17.00	21.00	19.00
3	Sukhbaatar, Zamyin-Uud, Ereentsav, and Altanbulag	38.00	43.00	48.00

6.3. In case of an automobile specified in Article 4.1.4 of this law is imported, excise tax shall be imposed at the following rates based on period following the production year and volume of engine cylinder:

No	Volume of engine cylinder (cm)	Excise tax rate (converted to USD)		
		Period following »the production year (in years)		
		0-3 years	4-9 years	10 years and over
1	1500 and below	500	1000	2000
2	1501-2500	1500	2000	3000
	Over 2500	2000	2500	4000

6.4. Excise tax shall be imposed on special purpose technical devices and equipment specified in Article 4.2 of this law at the following rates:

No	Type of goods subject to excise tax	Excise tax rate per physical unit (converted to USD, per month)
1	Gaming table or roulette	80000
2	Slot machine	3000
3	Cashier or totalizer that provides results of gambling	80000
4	Bookmaker center that estimates the bets	80000

6.5. Excise tax equal to USD 25000 per month shall be imposed on activities of individual and juristic person that conduct quizzes and gambling using electronic network, internet, and cellular telephone network.

6.6. Imposition of excise tax shall be based on an official exchange rate of USD against Mongolian togrog set by the Bank of Mongolia on a given day.

Article 7. Excise tax exemptions

7.1. The following goods are exempted from excise tax:

7.1.1. Goods specified in Article 4.1 of this law that are produced in the territory of Mongolia and exported;

7.1.2. Mongolian milk alcohol distilled in household conditions using a simple means for personal consumption;

7.1.3. Snuff tobacco;

7.1.4. Duty-free alcohol and tobacco for passenger's personal use as authorized by the Customs Authority;

7.1.5. Hybrid automobile.

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

8.1. The customs authority shall impose excise tax on imported goods at each point of import at the Mongolian border and transfer the tax income to the treasury account.

8.2. A taxpayer shall pay the tax to the budget in advance on goods produced in the territory of Mongolia that are subject to excise tax other than spirits within the 25th of each month.

8.3. A taxpayer shall submit the excise tax report on goods produced in the territory of Mongolia to the taxation authority on monthly basis by the 5th of the following month.

8.4. Excise tax imposed on spirits sold by distillery producers shall be paid to the budget within 2 working days.

8.5. Documents with uniform numbering shall be issued to buyers when spirits produced in the territory of Mongolia is sold. Format of the document shall be approved by the administrative authority in charge of taxation.

8.6. The excise tax paid for the spirits used for the alcohol and wine produced and sold in the territory of Mongolia shall be deducted from excise tax to be imposed on the alcohol and wine on the basis of the document specified in Article 8.5 of this law.

8.7. The excise tax imposed on the bulk tobacco imported as a raw material used for the cigarettes produced and sold in the territory of Mongolia shall be deducted from excise tax to be imposed on such cigarettes.

8.8. A taxpayer shall submit a monthly update with respect to changes in types and quantity of taxable physical units specified in Article 5.4 of this law to a corresponding tax authority by the 10th of the following month. The tax authority shall record the changes in the taxpayer registration certificate and impose taxes due in that month retrospectively on newly installed device and equipment.

8.9. A taxpayer that conducts activities specified in Articles 6.4 and 6.5 of this law shall pay taxes due in a given month in advance within the 25th of each month and submit the report to the tax authority within the 10th of the following month.

Article 9. Entry into force

9.1. This law enters into force as from January 1, 2007.

9.2. Paragraphs 4.2, 5.4, 6.4, 6.5, 8.8, and 8.9 of this law enter into force as from August 1, 2006.

**SPEAKER OF THE STATE GREAT HURAL OF MONGOLIA
NYAMDORJ. TS**