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Tax Reform in Mongolia

In this issue, we present the revised drafts of the following tax laws submitted to the Parliament on May 7, 2026. These include:

- Law on Value Added Tax
- Law on Corporate Income Tax
- Law on Personal Income Tax
- Law on General Taxation

The “Vision-2050” long-term development policy, approved by Resolution No. 52 of the State Great Khural of Mongolia in 2020, sets out the following goals: to improve the competitiveness of small and medium-sized businesses and to create a favorable environment and conditions for conducting internationally competitive micro, small and medium-sized businesses. Within the framework of implementing these goals, it is stated that “to fully support investment and create a favorable environment for conducting business” and “to develop internationally competitive micro, small and medium-sized businesses and increase jobs.”

Article 3.3.2 of the Five-Year Development Plan for Mongolia 2021-2025, approved by Resolution No. 23 of the Mongolian Parliament in 2020, states that “the environment supporting micro, small and medium-sized businesses will be strengthened and developed” and Article 4.1.5 states that “a favorable business environment will be created and citizens’ procurement capacity will be improved.”

Article 3.2.1 of the Mongolian Government’s Action Program for 2024-2028, approved by Resolution No. 21 of the Mongolian Parliament in 2024, states that “Tax and social insurance reform” is required, and within this framework, the objectives are to gradually bring the tax environment into line with international standards, improve the legal environment for doing business, reduce the tax burden on entrepreneurs, optimize tax supports, improve the tax environment, and support responsible taxpayers.

The adoption of the draft law will improve the competitiveness of Mongolia’s business environment in the international arena and reduce the tax burden on entrepreneurs.

If approved, these laws will take effect on January 1, 2027.

01. PROPOSED AMENDMENTS TO THE LAW OF VALUE ADDED TAX (VAT)

No	Relevant Article	Current Regulation (2015)	Draft Amendment (2026)
1	VAT Threshold (Article 4.1.8 Law of VAT)	Operational sales revenue of 50 million MNT.	Operational sales revenue of 400 million MNT .
2	VAT Payment Deadline (Article 16.1 Law of VAT)	Due by the 10th of the following month.	For taxpayers with a "Good" compliance rating, payment can be delayed by 1 month upon request. If paid on time, subsequent requests can delay payment by up to 2 months in equal installments.
3	Import VAT Deadline (Article 16.1 Law of VAT)	Due by the 10th of the following month.	Can be delayed for the same periods as mentioned above.

02. PROPOSED AMENDMENTS TO THE GENERAL TAXATION LAW (GTL)

No	Indicator	Current Law (2019)	Draft Amendment (2026)
1	Tax Collection (Article 51 of GTL)	No regulation	For tax complaint being reviewed by the Dispute Resolution Council or a court, penalties and fines ordered by the tax officer will not be collected from the taxpayer until such complaint is final and resolved.
2	Uncontested Collection of Tax Debt (Article 63 of GTL)	No regulation	When tax liabilities are collected from future funds deposited into a taxpayer's bank account, the amount collected must not exceed 80% of that particular income.
3	Late Payment Interest/Penalties (Article 73 of GTL)	No regulation	Late payment interest will not be charged on unpaid taxes during the period between the issuance of a tax audit assignment and the final decision. The total interest amount shall not exceed 50% of the unpaid tax or the amount over-collected by the tax authority without justification.
4	Compliance Level (Article 76 of GTL)	No regulation	Customs and tax authorities will determine compliance levels based on: <ul style="list-style-type: none"> • Taxpayer registration; • Tax reporting; • Tax assessment and payment; • Violations of tax and customs legislation; • Customs clearance.

03. PROPOSED AMENDMENTS TO THE LAW OF CORPORATE INCOME TAX (CIT)

No.	Relevant Article	Current Regulation (2019)	Draft Amendment (2026)
1	Depreciation (Article 17.1 of Law of CIT)	No regulation	3-year depreciation period for GPU servers, supercomputers, and high-speed data processing equipment.
2	Income eligible for tax relief (Article 22.5.23 of Law of CIT)	Tax on sales revenue from information technology products, works and services of legal entities registered in the virtual zone specified in Article 11.1 of the Law on Support of Information Technology Production will be relieved for a period of five years from the date of state registration.	Tax on operating income of legal entities registered in virtual zones specified in Article 11.1 of the Law on Support of Information Technology Production will be relieved.
3	Tax Rates (Article 25.1 of Law of CIT)	<ul style="list-style-type: none"> • If annual income is up to 6 billion MNT, 10 % tax shall be applied. • If annual income is above 6 billion MNT, 25 % tax for income exceeding 6 billion MNT, plus 600 million MNT tax shall be applied. 	<ul style="list-style-type: none"> • If annual income is up to 6 billion MNT, 10 % tax shall be applied. • If annual income is between 6-10 billion MNT, 15 % tax on income exceeding 6 billion MNT plus 600 million MNT. • If annual income is above 10 billion MNT, 25 % tax on income exceeding 10 billion MNT plus 1 billion 200 million MNT.
4	Tax Credit (Article 20.1 of Law of CIT)	Annual income is up to 1.5 billion MNT, 10% tax shall be applied and then receive a 90% refund upon request.	Annual income is up to 2.5 billion MNT , 10% tax shall be applied and then receive a 90% refund upon request.
5	Reporting and Payment Deadline (Article 25, 26 of Law of CIT)	<ul style="list-style-type: none"> • Quarterly reporting by the 20th of the following month; • Half yearly reporting by the 20th of July; • Annual reporting by the 10th February of the following year. 	All deadlines of "by the 10th" or "by the 20th" changed to the " last day of the month. "
6	Special Relationships (CIT Law Articles 29, 30, 31)	<ul style="list-style-type: none"> • Quarterly tax payments shall be made within the 20th day of the first month of the following quarter. • Final year-end tax settlements shall be paid within February of the following year. 	All deadlines previously stated as "within the 10th" or "within the 20th" have been amended and extended to the "last day" of the respective month.

04. PROPOSED AMENDMENTS TO THE LAW OF PERSONAL INCOME TAX (PIT)

No.	Relevant Article	Current Regulation (2019)	Draft Amendment(2026)
1	Exempt Income (Article 22.1 Law of PIT)	2% tax on income from the sale of immovable property.	Income derived by a citizen of Mongolia from the sale of an immovable property used for residential purposes shall be exempt from the 2% personal income tax , provided that the citizen has owned the property for at least 5 consecutive years and it is registered as their primary place of residence.
2	Taxable Income (Article 15.6 Law of PIT)	1% tax on income up to 50 million MNT per the confirmed annual report.	1% tax on taxable income up to 1 billion MNT per the confirmed annual report for the relevant year.
3	Tax Credits (Article 23.1 Law of PIT)	Depending on the annual income, the following tax credits (deductions) will apply: <ul style="list-style-type: none"> Annual income up to 6 million MNT: 240,000 MNT per year 6 million to 12 million MNT: 216,000 MNT 12 million to 18 million MNT: 192,000 MNT 18 million to 24 million MNT: 168,000 MNT 24 million to 30 million MNT: 144,000 MNT 30 million to 36 million MNT: 120,000 MNT Annual income over 36 million MNT: No credit (deduction) available 	100% tax credit for annual income up to 9,504,000 MNT .
4	Reporting/Payment (Article 26, 27 of Law of PIT)	Deadline is February 15 of the following year.	Deadline extended to the last day of February .

Please note that these draft laws have been submitted to the State Great Khural and have not yet been approved.

If you would like more detailed information and consulting services related to the tax system, please get in touch with our firm by phone or email.

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