

September
2006



General Department of
National Taxation

MONGOLIAN TAXES
AT A GLANCE



PREFACE



The General Department of National Taxation is pleased to present this concise overview of tax revenues of Mongolia to the general public. We have also included selected comparisons of Mongolia's tax system with other countries to illustrate similarities and differences.

We trust that the use of charts, simple tables and layout of the brochure will make the basic facts and figures of Mongolian tax revenues easier to understand by all citizens. The brochure is also available to the general public in electronic form in our website: www.mta.mn.

Many people contributed in the data gathering, analysis, design and layout to make this brochure possible. We are especially thankful for the support that the United States Agency for International Development (USAID) provided through the Economic Policy Reform and Competitiveness project (EPRC) to make this publication possible.

The data herein are based on information available at the time of the publication.

We hope you will find the brochure helpful and look forward to your comments at www.mta.mn to make future editions more useful. Let us hear from you.

DIRECTOR

A handwritten signature in black ink, appearing to read 'L. Zorig'.

L. ZORIG

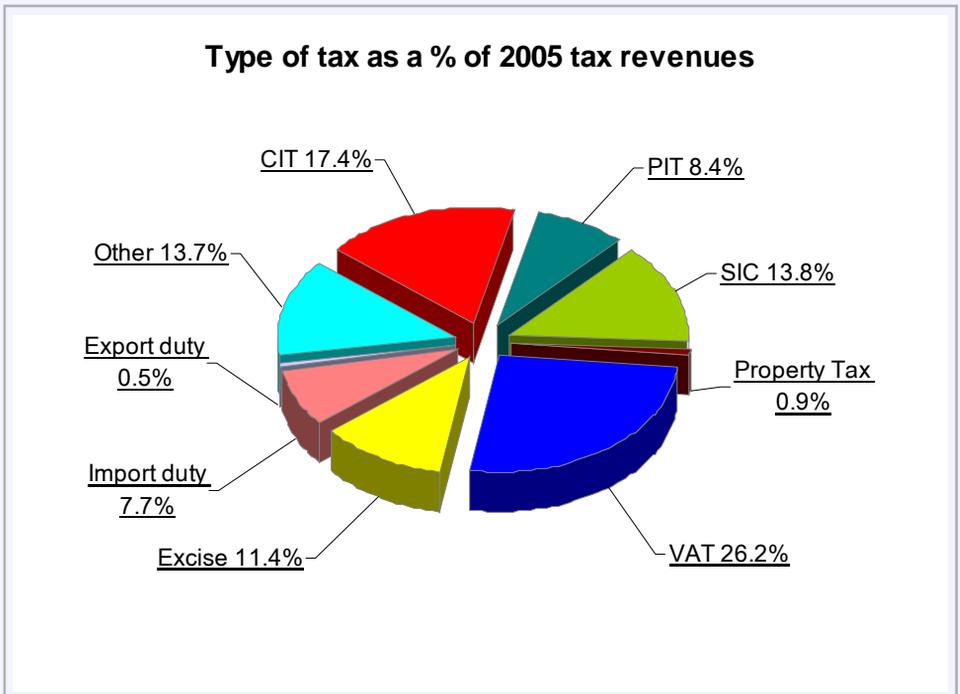
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Overview

I-1. Which taxes raise the most revenues in Mongolia?

- ◆ Value-added tax (VAT), corporate income tax (CIT) and social insurance contributions (SIC) account for 57% of total tax revenue.



Source: 2005 National Accounts, Ministry of Finance

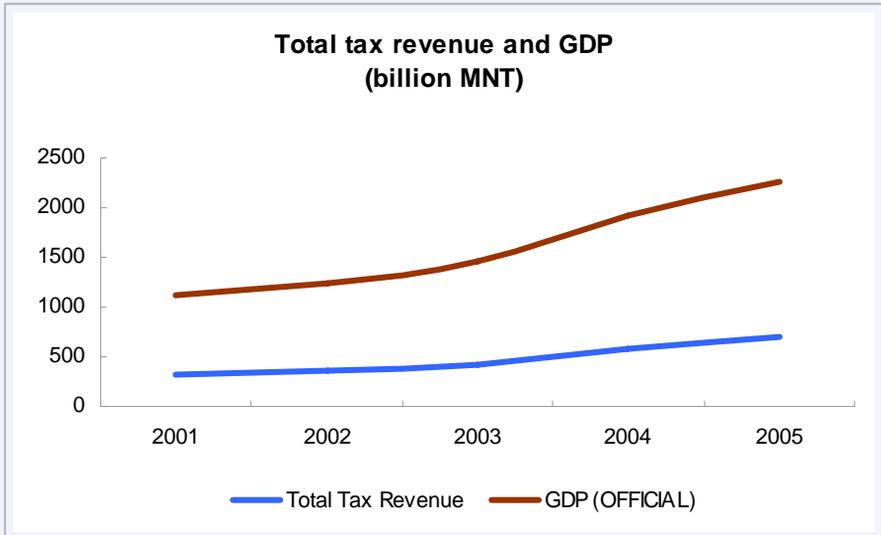
I-2. How are the various tax revenues changing over time?

(billion MNT)	2003	2004	2005
Corporate income tax	68.8	98.6	120.6
Personal income tax	28.8	45.5	58.0
Social insurance	65.2	82.1	95.6
Property tax	4.6	5.7	6.3
Value-added tax	121.9	163.1	181.0
Excise tax	58.6	70.3	79.0
Import duty	31.1	40.8	53.2
Export duty	1.6	3.9	3.8
Other taxes	40.5	73.1	94.8
Total tax revenue	421.0	583.1	692.2

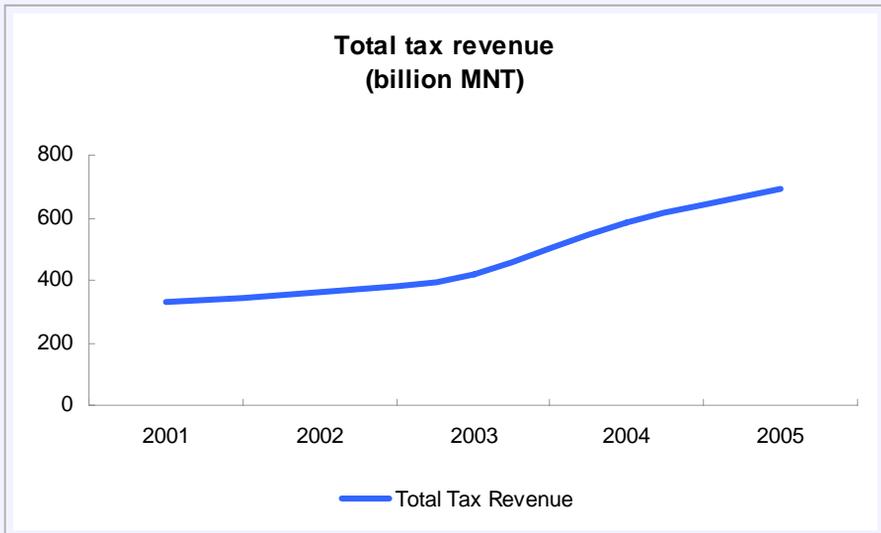
Source: 2005 National Accounts, Ministry of Finance

Overview

Total tax revenue compared with GDP



Trend of total tax revenue



Source: 2005 National Accounts, Ministry of Finance

Taxes as % of total tax revenue

- Between 2003 and 2005, corporate and personal tax revenues increased while VAT and social tax contributions fell.

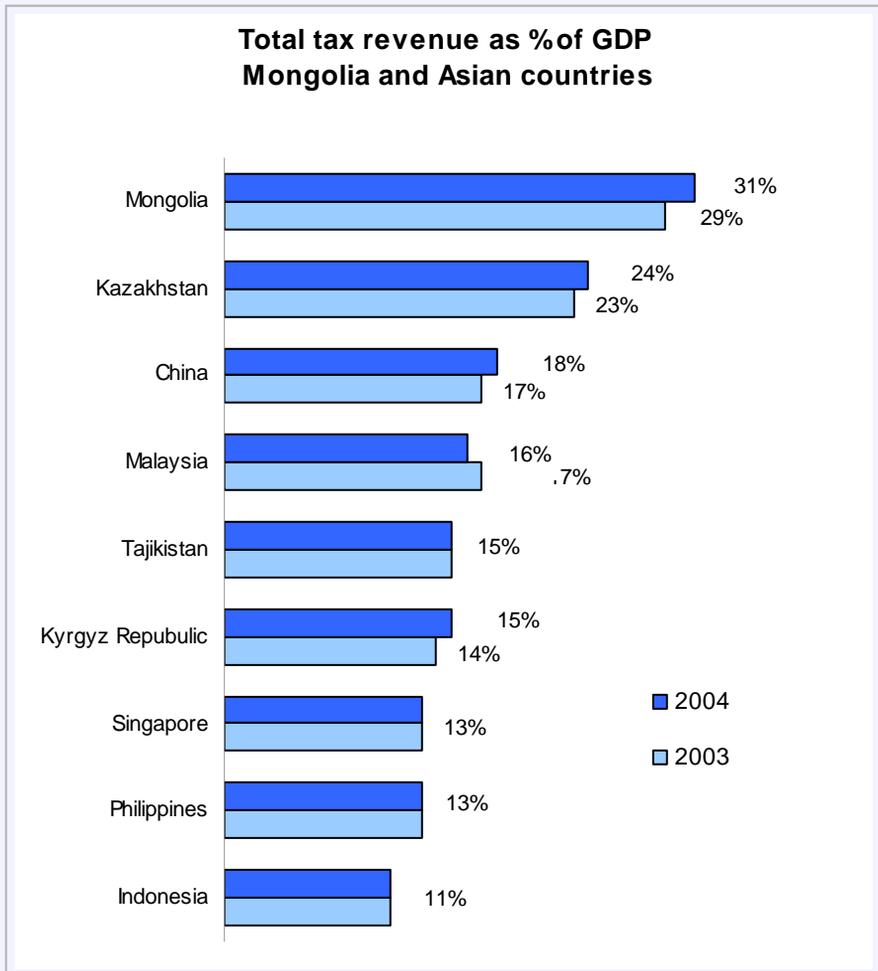
	2003	2004	2005
Corporate income tax	16.3%	16.9%	17.4%
Personal income tax	6.8%	7.8%	8.4%
Social insurance	15.5%	14.1%	13.8%
Property tax	1.1%	1.0%	0.9%
Value added tax	29.0%	28.0%	26.2%
Excise tax	13.9%	12.1%	11.4%
Import duty	7.4%	7.0%	7.7%
Export duty	0.4%	0.7%	0.5%
Other	9.6%	12.5%	13.7%
Total	100%	100%	100%

Source: 2005 National Accounts, Ministry of Finance

Overview

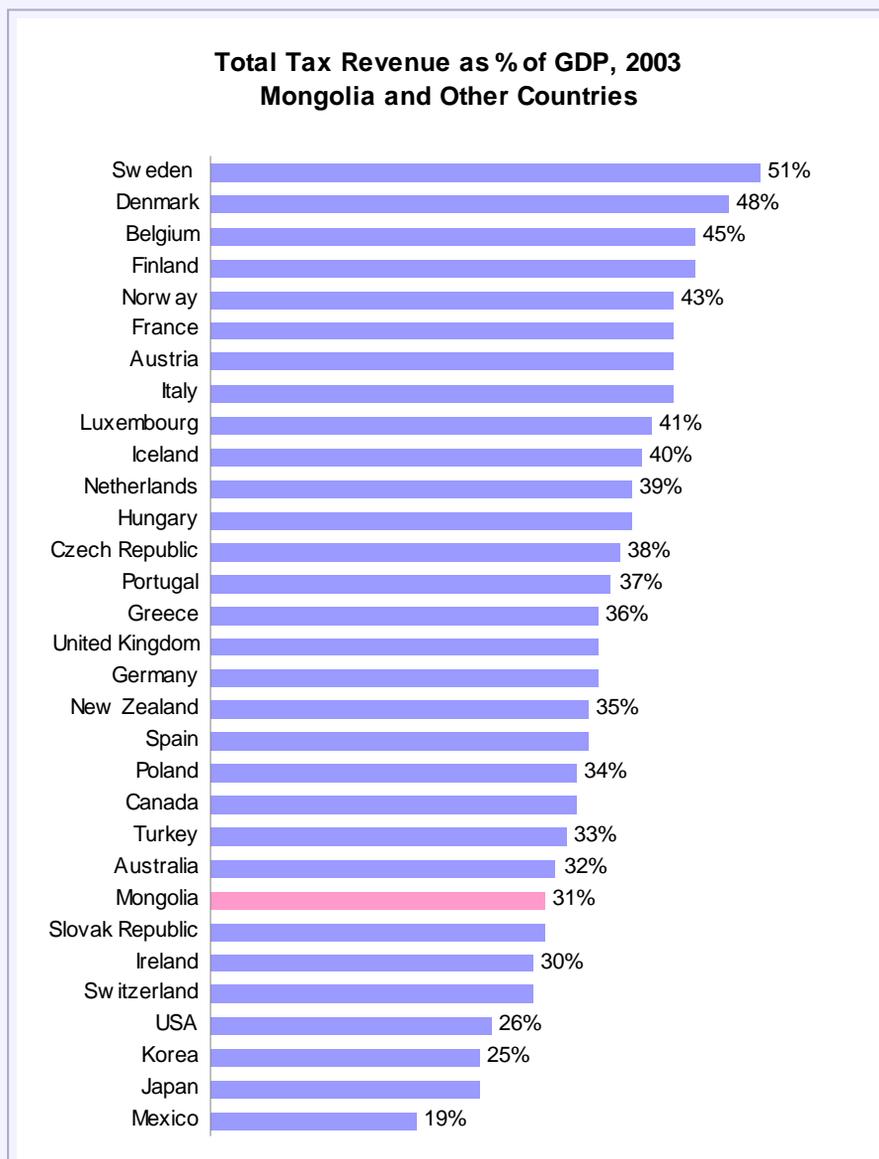
I-3. Do we pay more taxes in Mongolia compared with other countries?

- ◆ When compared to our “neighbors” yes - but
- ◆ Not when compared to more developed economies.



Source: IMF country reports

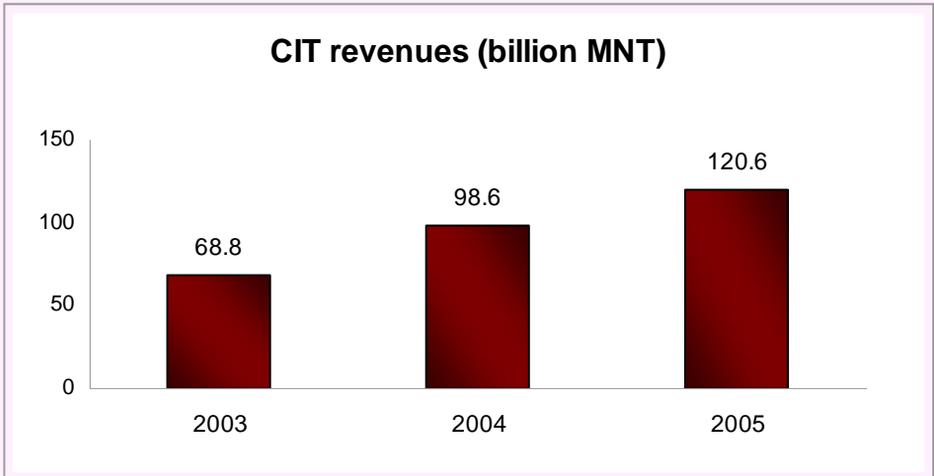
Total tax revenue as a % of GDP



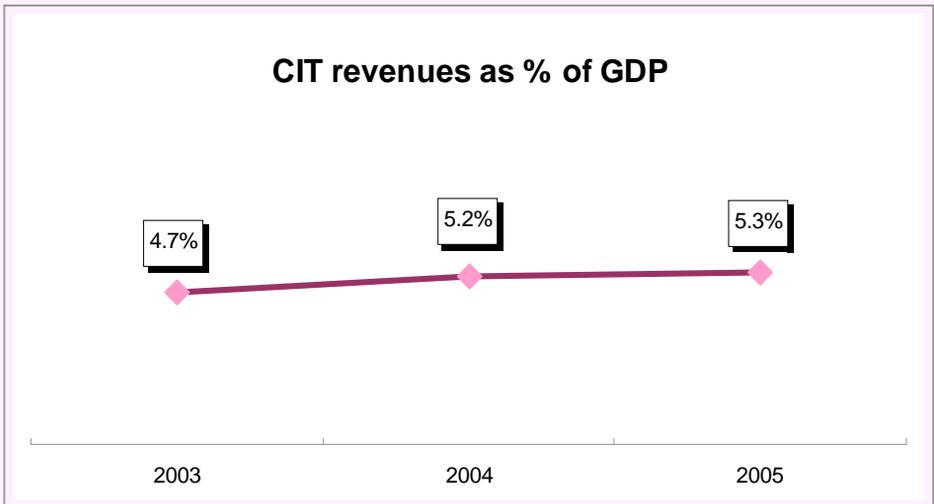
Source: OECD Fact book 2006 - ISBN 92-64-03561-3 © OECD 2006

Corporate Income Tax

II-1. How are CIT revenues changing over time?



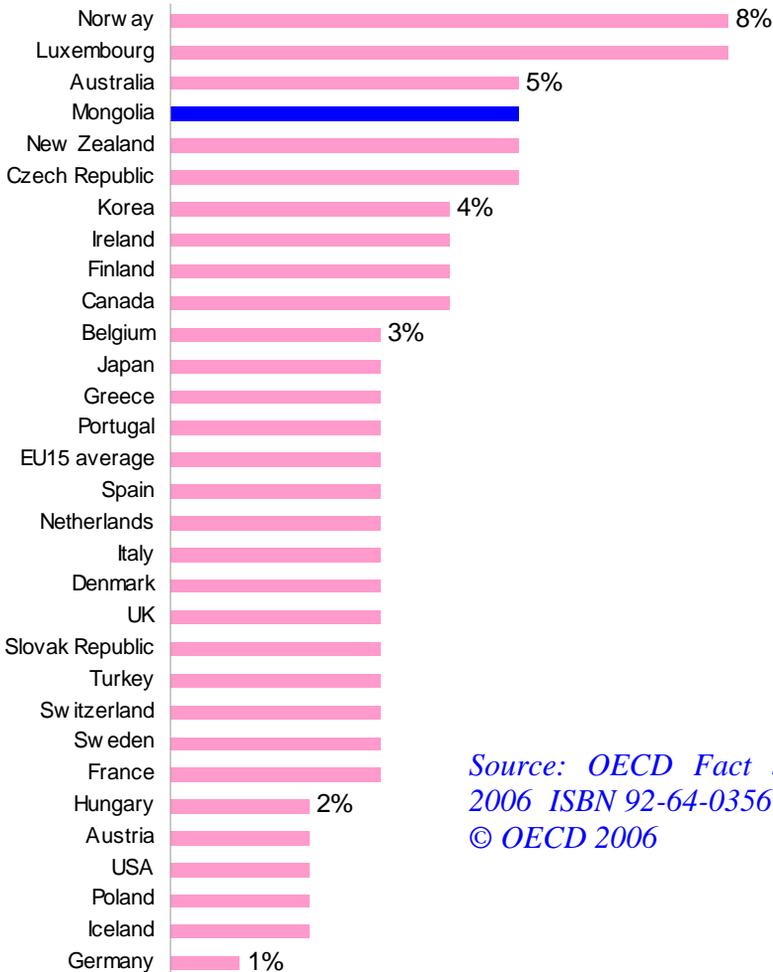
How are CIT revenues as % of GDP changing over time?



Source: 2005 National Accounts, Ministry of Finance

II-2. How does Mongolia's share of CIT revenues to GDP compare with other countries?

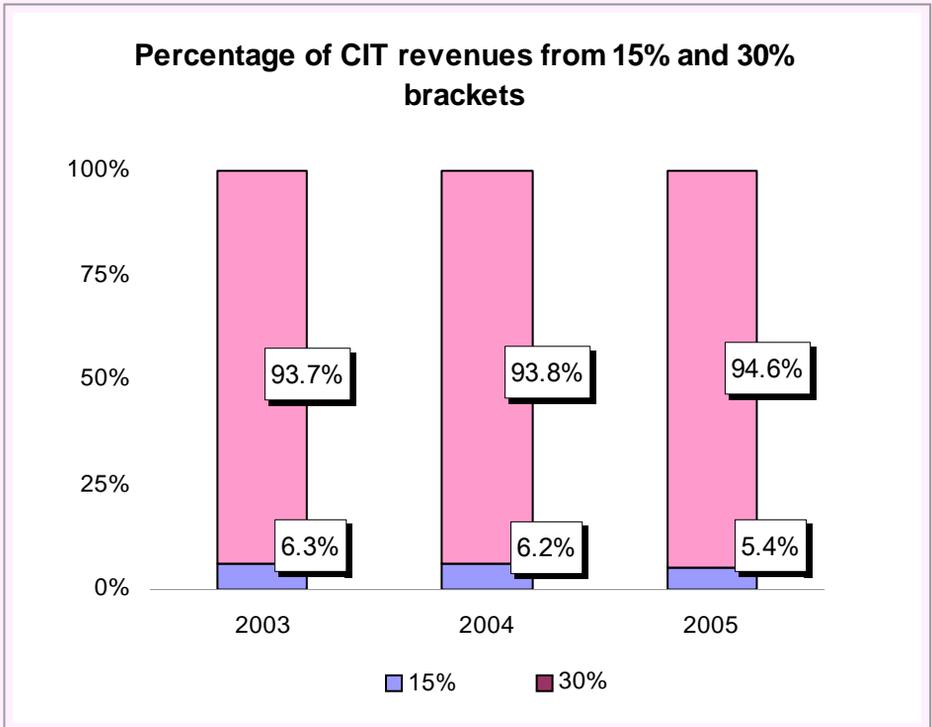
**CIT revenues as a % of GDP, 2003
Mongolia and other countries**



*Source: OECD Fact book
2006 ISBN 92-64-03561-3 -
© OECD 2006*

Corporate Income Tax

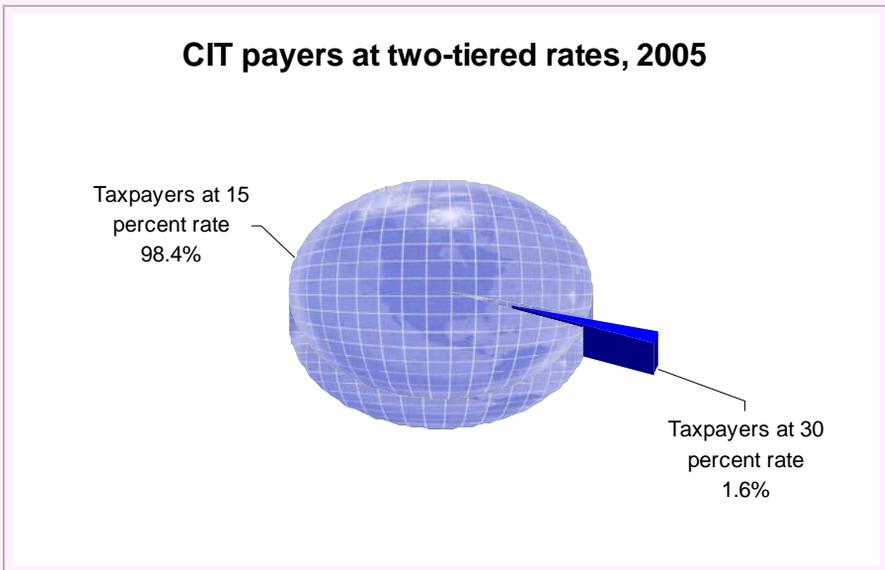
II-3. What percentage of CIT revenues comes from each of the tax brackets?



Source: General Department of National Taxation

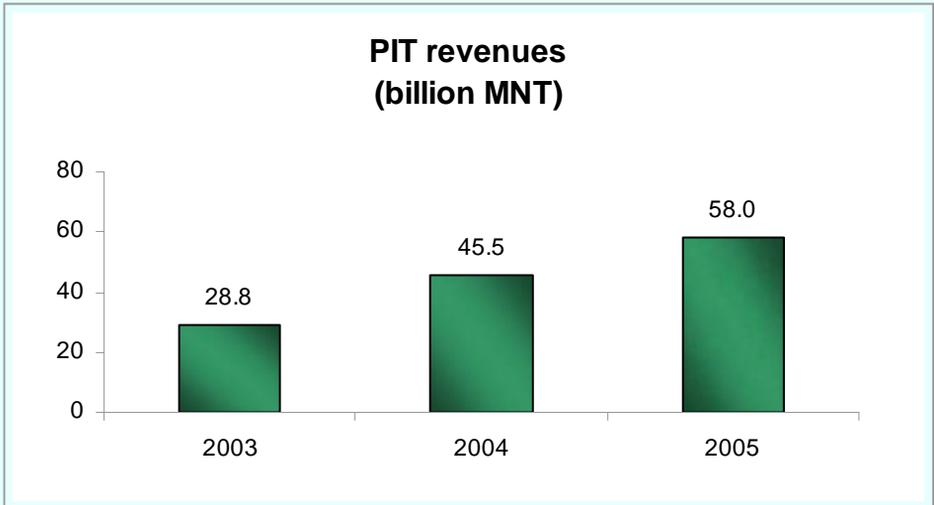
II-4. Who pays CIT?

The number of taxpayers	2004	2005
Taxpayers at 15% rate	14,088	14,858
Taxpayers at 30% rate	179	235
Total	14,267	15,093

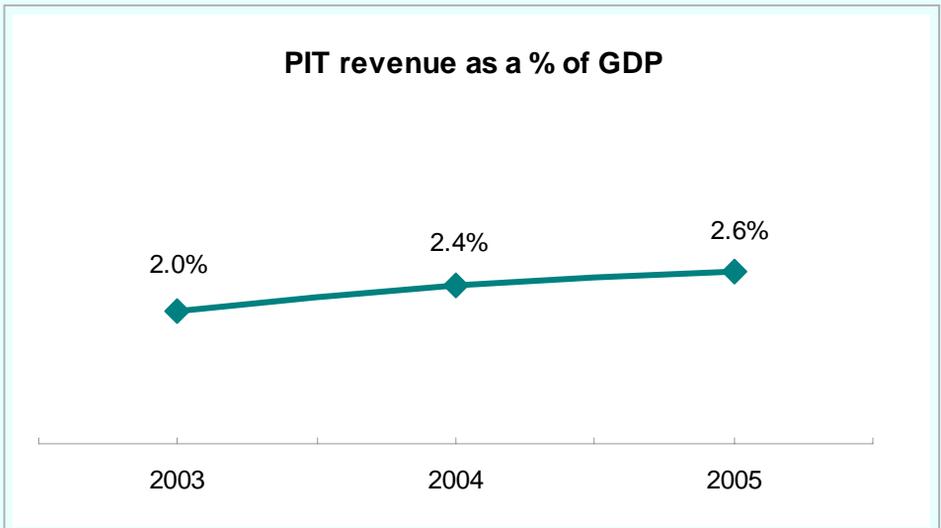


Personal Income Tax

III-1. How are PIT revenues changing over time?

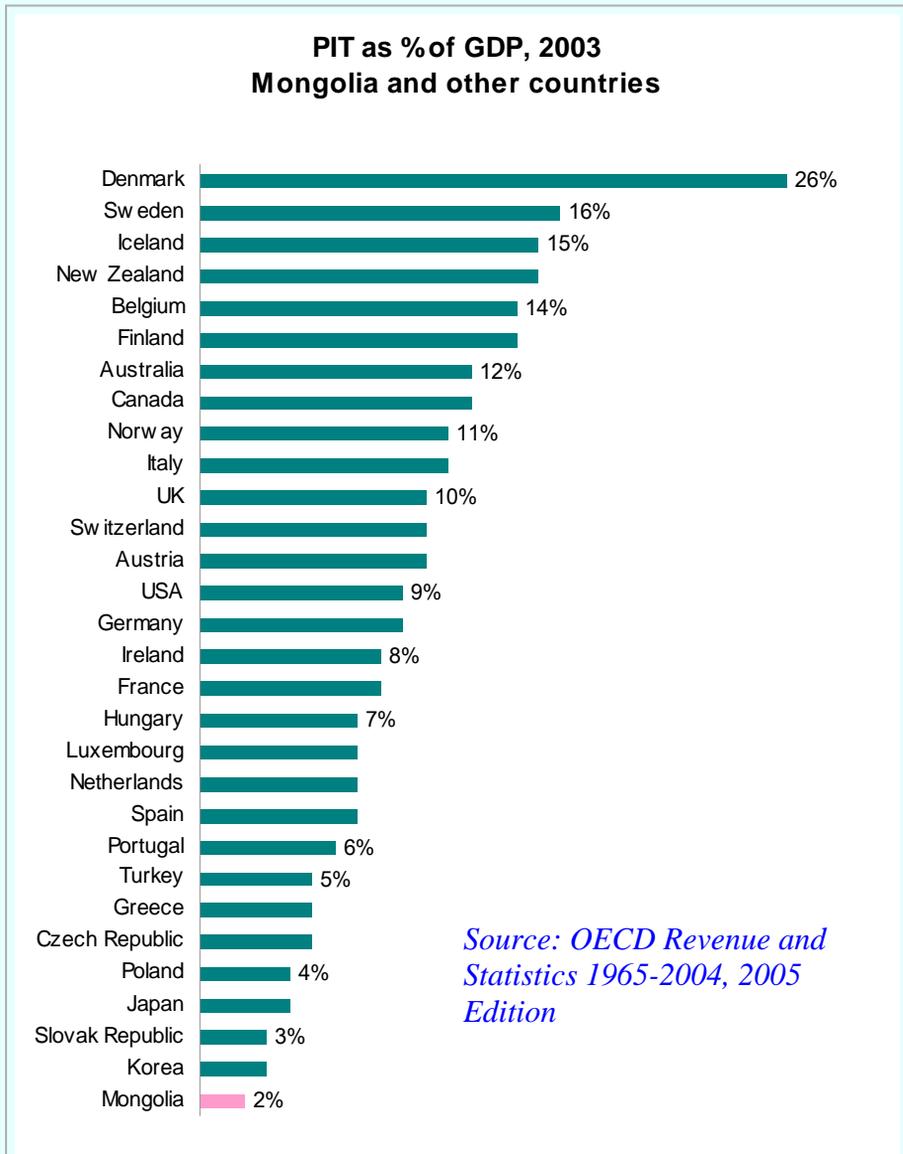


How are PIT revenues as a % of GDP changing over time?



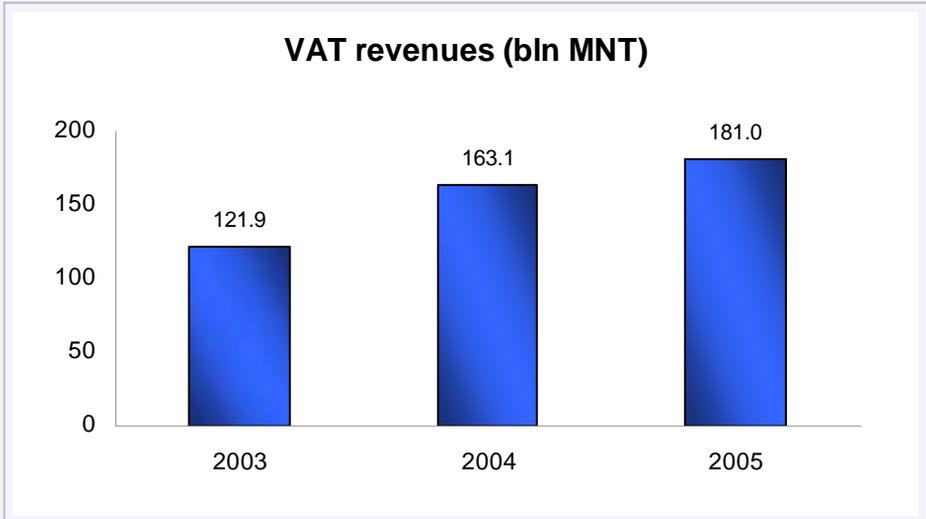
Source: 2005 National Accounts, Ministry of Finance

III-2. How does Mongolia's share of PIT revenue to GDP compare with other countries?

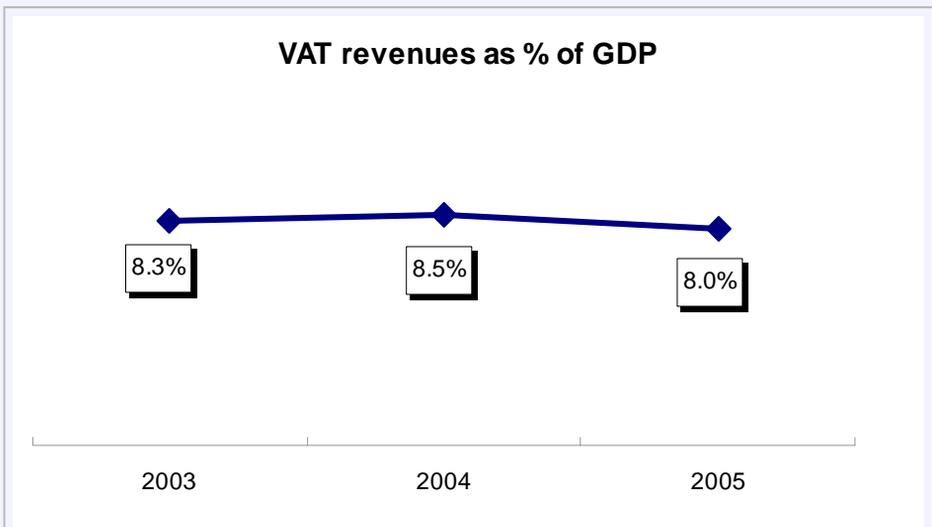


Value-added Tax

IV-1. How are VAT revenues changing over time?

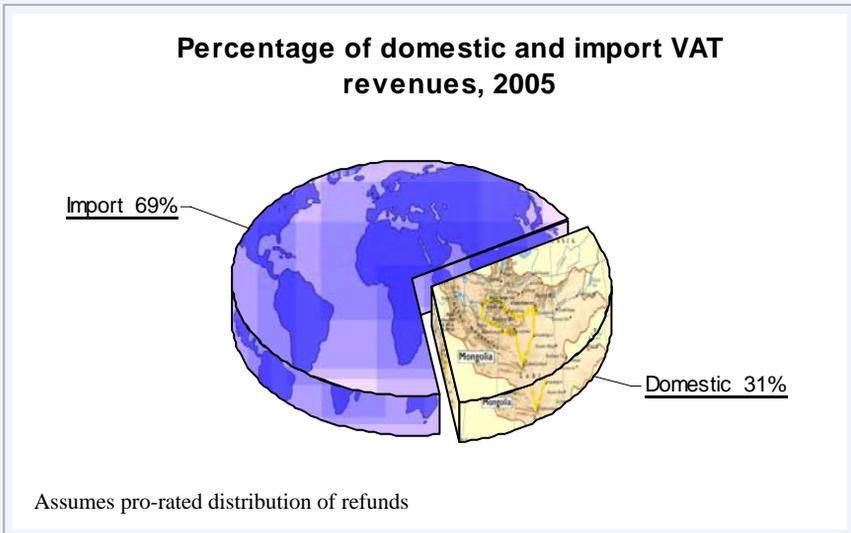


How are VAT revenues as % of GDP changing over time?



IV-2. What is the composition of VAT revenue?

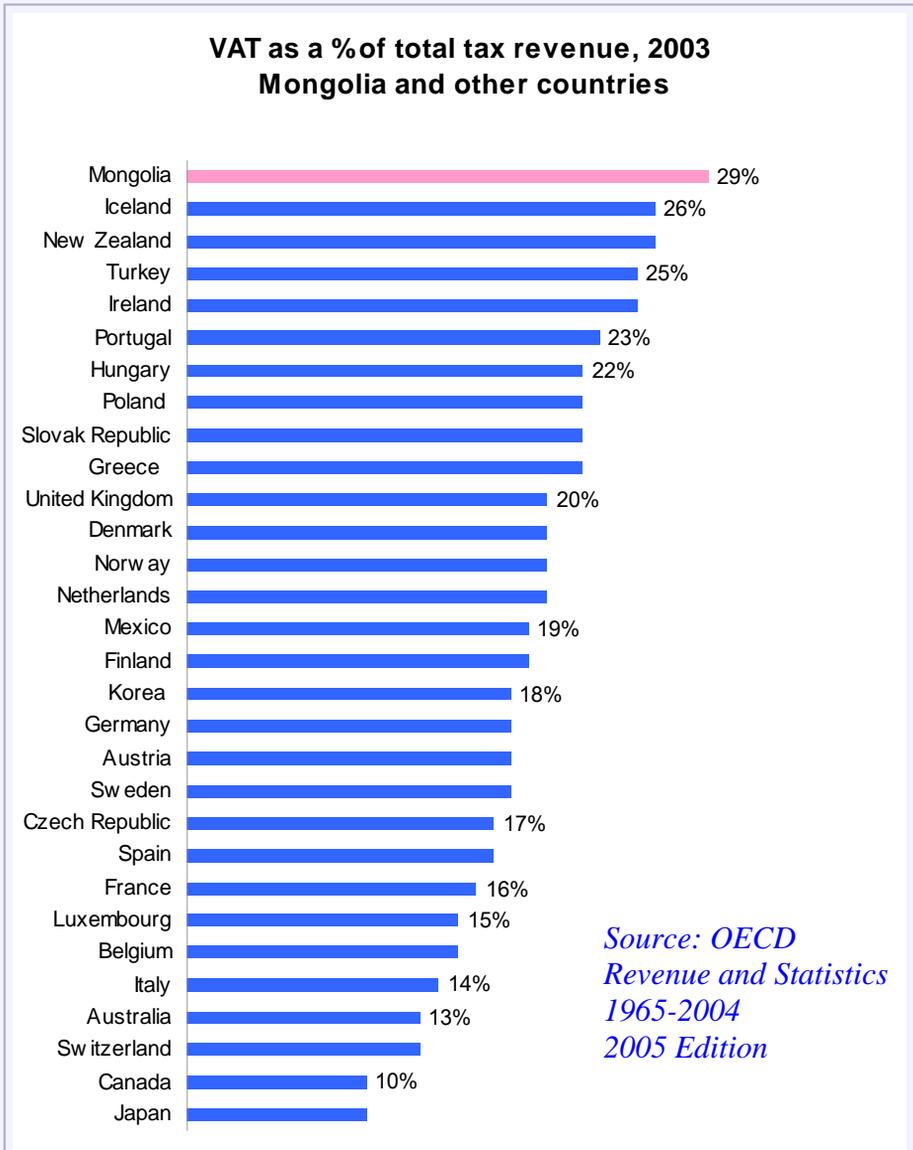
(billion MNT)	2003	2004	2005
Domestic	47.9	57.4	70.6
Import	94.3	136.9	157.5
Refund	-20.4	-31.3	-47.1
Total	121.9	163.1	181.0



Source: 2005 National Accounts, Ministry of Finance

Value-added Tax

IV-3. How important is VAT revenue in other countries?



IV-3. How does Mongolia's VAT registration threshold compare with other countries?

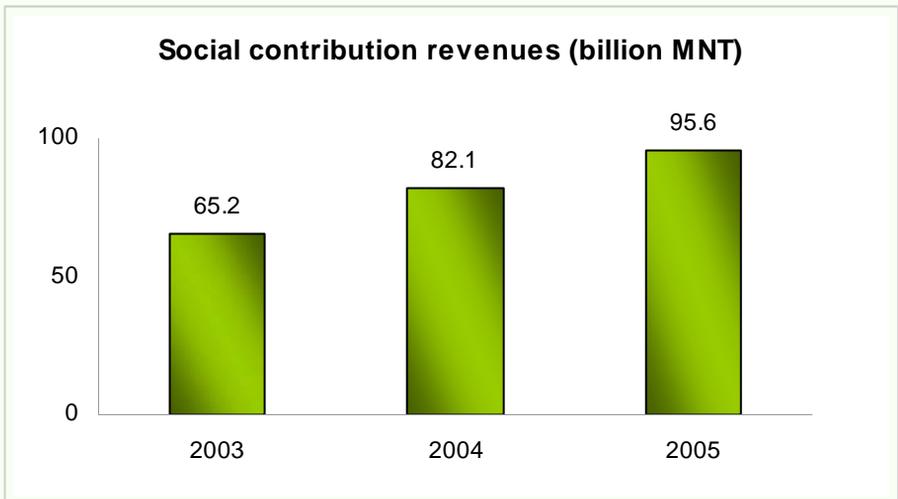
UK	\$99,806
France	\$90,370
Japan	\$84,860
Ireland	\$60,404
Switzerland	\$57,015
Slovak Republic	\$46,920
Czech Republic	\$40,880
Australia	\$36,505
New Zealand	\$27,252
Austria	\$26,057
Canada	\$25,740
Germany	\$20,727
Poland	\$13,446
Luxembourg	\$11,844
Greece	\$10,660
Finland	\$10,067
Mongolia (MNT 10 million)	\$8,926
Denmark	\$7,925
Norway	\$7,375

Many countries have VAT registration threshold equal to zero.

Taxes on Labor

V-1. How are social contributions revenues changing over time?

- ◆ Both employee and employer pay social contributions. Current rate is 10% with 53,000 cap for employee and 19%-21% for employer. The two major components of social contributions are social insurance and health insurance.

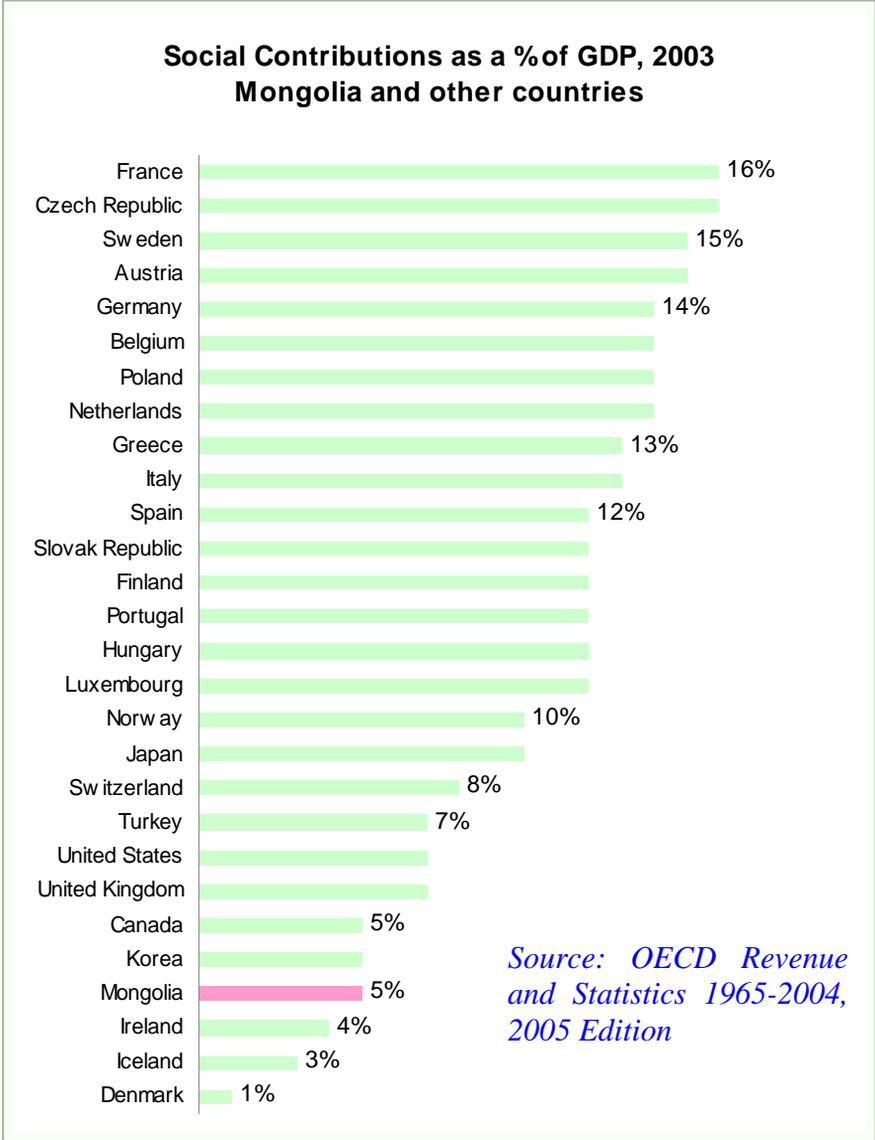


Social contribution by components

(billion MNT)	2003	2004	2005
Social insurance	51.0	64.1	73.9
Health insurance	14.2	18.0	21.7
Total contributions	65.2	82.1	95.6

Source: National Accounts 2005, Ministry of Finance

V-2. How does social contributions in Mongolia as a percentage of GDP compare with other countries?





Prepared with assistance from the United States Agency for International Development through the Economic Policy Reform and Competitiveness Project