



Key Changes in Tax Legislation

First Half of 2026

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Tax legislation changes in 2026

Mongolia's tax reform initiative has been under discussion for nearly two years, following the Government of Mongolia's 2024–2028 Action Program to renew and improve tax legislation. During this period, the draft amendments were subject to public comments and extensive discussion.

Following a lengthy review revision process, draft amendments to key tax laws were submitted to Parliament in December 2025 and were passed during the 2026 spring parliamentary session, with implementation planned from 1 January 2027. Although the initiative has commonly been described as "tax reform", the approved changes are largely amendments to the existing tax legislation rather than a comprehensive reform of the current tax system.

The key amended tax laws are effective from 1 January 2027 and include the following:

- Corporate Income Tax Law of Mongolia;
- Value Added Tax Law of Mongolia;
- Personal Income Tax Law of Mongolia; and
- General Tax Law of Mongolia.

In addition to the tax law amendments, the Law on Social Insurance and the Law on Health Insurance have also been amended.

These developments are outlined in the following sections.

At the date of this newsletter, the official final versions of the laws and amendments have not yet been published on the public legal information platform. We will issue follow-up alerts once the finalized laws become publicly available.

Sources of this newsletter:

[Mongolian Tax Authority page](#)
[Government of Mongolia page](#)

Corporate Income Tax Law

The amendments to the Corporate Income Tax (CIT) Law introduce several practical changes for taxpayers.

- **Revised CIT rate thresholds:** The CIT rate structure has been revised by introducing a 15% rate for taxable income between MNT 6 billion and MNT 10 billion, while the 25% CIT rate will apply only to annual taxable income exceeding MNT 10 billion.
- **More flexible deadlines:** Tax payment and filing deadlines have been extended by approximately 10 days, providing greater flexibility for taxpayers. This is a welcome development, as current statutory deadlines fall around the Tsagaan Sar holiday in February and the Naadam holiday in July, often resulting in deadline extensions in practice.
- **Updated SME tax credit threshold:** In line with changes to the SME legislation, the annual taxable income threshold for the 90% corporate income tax credit has been increased from MNT 1.5 billion to MNT 2.5 billion.

Area of change	Current tax laws effective from 1 January 2020	Amended tax laws effective from 1 January 2027
Depreciation and amortization	All computer devices, related accessories, and software are depreciated over a 2-year period .	A 3-year depreciation period applies to equipment designed for high-speed data storage and automated big data processing , including graphics processing unit (GPU) equipped servers and supercomputers.
Tax credit for virtual zone activities	-	Corporate taxpayers registered in a virtual zone under the Law on Supporting Information Technology Production are entitled to a 100% CIT credit on operational income earned from eligible activities.
Tax credit for SMEs	Corporate taxpayers with annual taxable income of up to MNT 1.5 billion are entitled to a 90% corporate income tax credit.	Corporate taxpayers with annual taxable income of up to MNT 2.5 billion are entitled to a 90% corporate income tax credit.
CIT rates and thresholds	Annual taxable income up to MNT 6 billion: 10%	Annual taxable income up to MNT 6 billion: 10%
	Annual taxable income exceeding MNT 6 billion: 25%	Annual taxable income from MNT 6 billion to MNT 10 billion: 15%
	-	Annual taxable income exceeding MNT 10 billion: 25%
Tax payment deadline		
Advance payment	By the 25th day of the month	By the last day of the month
Quarterly payment	By the 20th day of the month following the quarter (e.g. 20 April, 20 July, 20 October)	By the last day of the month following the quarter (e.g. 30 April, 31 July, 31 October)
Annual payment	By 10 February of the following year	By 5 March of the following year
Tax payment under Mongolia's indirect transfer rules ¹	Taxes imposed for the first and second half of the year are due by 20 July and 10 February of the following year, respectively.	Taxes imposed for the first and second half of the year are due by 5 August and 5 March of the following year, respectively.

¹ Indirect transfer rule applies where shares of the rights holder, beneficial owner or any entity within the ownership between the right holder and beneficial ownership chain are traded on the Mongolian or an international stock exchange

Area of change	Current tax laws effective from 1 January 2020	Amended tax laws effective from 1 January 2027
Tax return filing deadline		
Quarterly tax return	By the 20th day of the month following the quarter (e.g. 20 April, 20 July, 20 October)	By the last day of the month following the quarter (e.g. 30 April, 31 July, 31 October)
Annual tax return	By 10 February of the following year	By 5 March of the following year
Corporate taxpayers with annual taxable income below MNT 6 billion (not registered under the simplified tax regime)	Taxes imposed for the first and second half of the year are due by 20 July and 10 February of the following year, respectively.	Taxes imposed for the first and second half of the year are due by 20 August and 5 March of the following year, respectively.

Value Added Tax Law

The amendments to the Value Added Tax (VAT) Law primarily focus on easing compliance obligations and improving payment flexibility for eligible VAT payers.

Key changes include:

- **Increase in the mandatory VAT registration threshold:** The mandatory VAT payer registration threshold will increase from MNT 50 million to MNT 400 million. The voluntary VAT registration threshold remains unchanged at MNT 10 million.
- **VAT payment deferral for compliant taxpayers:** VAT payers with a “Good” or higher tax compliance rating under the General Tax Law may apply for a deferral of VAT payment obligations for up to one month. If the deferred tax is fully paid within the approved period and the taxpayer maintains the required compliance rating, the Mongolian Tax Authority may grant a further deferral of up to two months, provided the deferred tax is paid in equal monthly instalments.

It is worth noting that the recoverability of reverse VAT withheld on service income paid to non-residents has been one of the most sought-after changes by foreign businesses. However, this matter was not included among the key VAT changes announced by the Government.

Personal Income Tax Law

The amendments to the Personal Income Tax (PIT) Law introduce several developments, including updates to the simplified tax regime, a new exemption for the sale of residential property, and extended annual tax payment and filing deadlines. The table below summarizes the key changes effective from 1 January 2027.

Area of change	Current tax laws effective from 1 January 2020	Amended tax laws effective from 1 January 2027
Simplified regime	Upon the taxpayer's request, the taxable base for operational income earned by an individual may be determined on a gross basis and taxed at a 1% PIT rate.	Upon the taxpayer's request, the taxable base for operational income up to MNT 1 billion earned by an individual may be determined on a gross basis and taxed at a 1% PIT rate.
Exemption from PIT	Income from the sale of immovable property is subject to PIT at 2% of the gross sales proceeds, regardless of the original purchase cost or whether the sale results in an economic gain or loss.	Income from the sale of a taxpayer's first owned residential property is exempt from PIT, provided that the property is not located in a tourism zone or a strictly protected national park.
Annual tax payment deadline	By 15 February of the following year	By 5 March of the following year

Area of change	Current tax laws effective from 1 January 2020	Amended tax laws effective from 1 January 2027
Annual tax return filing deadline	By 15 February of the following year	By 5 March of the following year

The amendments also revise the progressive PIT rates applicable to employment income in phases. From 1 January 2027, a tax-exempt income band will be introduced for lower employment income, while the existing higher-rate thresholds will remain unchanged. From 1 January 2028, an additional 1% rate band will apply to monthly employment income between MNT 792,001 and MNT 2,000,000.

The following tables summarize the current PIT rate structure and the phased changes.

Current PIT rates applicable to employment income		Tax rate
Annual income bracket (MNT)	Monthly estimate (MNT, for ease of reference)	
0 – 120,000,000	0 – 10,000,000	10%
120,000,001 – 180,000,000	10,000,001 – 15,000,000	15%
Over 180,000,000	Over 15,000,000	20%

PIT rates applicable from 1 January 2027

Taxable employment income bracket from 1 January 2027		Tax rate
Annual income bracket (MNT)	Monthly estimate (MNT, for ease of reference)	
0 – 9,504,000	0 – 792,000	0% (exempted)
9,504,001 – 120,000,000	792,001 – 10,000,000	10%
120,000,001 – 180,000,000	10,000,000 – 15,000,000	15%
Over 180,000,000	Over 15,000,000	20%

PIT rates applicable from 1 January 2028

Taxable employment income bracket from 1 January 2028		Tax rate
Annual income bracket (MNT)	Monthly estimate (MNT, for ease of reference)	
0 – 9,504,000	0 – 792,000	0% (exempted)
9,504,001 – 24,000,000	792,001 – 2,000,000	1%
24,000,000 – 120,000,000	2,000,000 – 10,000,000	10%
120,000,001 – 180,000,000	10,000,000 – 15,000,000	15%
Over 180,000,000	Over 15,000,000	20%

General Tax Law

The amendments to the General Tax Law introduce several taxpayer-friendly administrative changes aimed at improving procedural clarity and easing the burden on taxpayers.

Key changes include:

- **Extended period for amending tax returns:** Effective from 1 January 2027, taxpayers will be entitled to revise or amend their tax returns within two years following the relevant tax reporting period. This is one of the taxpayer-favorable changes introduced under the tax law update. Under the current regulation, amendments are limited to prior-year tax filing only in the e-tax system.
- **Suspension of collection of penalties and late payment ‘due loss’ during dispute resolution:** Penalties and late payment ‘due loss’ (i.e. late payment interest) imposed under a tax audit assessment will not be enforced or collected from the taxpayer until the dispute resolution process has been completed and a final decision has been issued.
- **Cap on enforced (undisputed) collection of tax debt:** Tax debt collected through direct enforcement procedures will be capped at 70% of the taxpayer’s future cash inflows credited to the taxpayer’s bank account.

- **No late payment ‘due loss’ during tax audit:** Late payment ‘due loss’ (i.e. late payment interest) will not accrue from the start of a tax audit until the tax audit assessment report is issued.
- **Cap on late payment ‘due loss’:** The amount of late payment ‘due loss’ (i.e. late payment interest) imposed will not exceed 50% of the taxes not paid on time or the amount of tax excessively collected without legal grounds. This represents a change from the current approach under the Infringement Law, where the cap on late due loss is generally 10% of the taxes not paid on time.

Social and Health Insurance Law

Certain changes to the social insurance and health insurance framework have been discussed by businesses for some time. The key amendments approved during Parliament’s 2026 spring session are summarized below.

Area of change	Current SHI law effective from 1 January 2024	Amended SHI law effective from 1 January 2027
Mandatory insurance base	Under the current rules, self-employed individuals generally participate in the voluntary social insurance scheme rather than mandatory social insurance.	Where an individual is engaged under multiple work, service, or similar contracts, mandatory social insurance coverage will apply to up to two contracts selected by the individual based on the most favorable terms.
Employee SHI base cap	10 times the monthly minimum wage Example: The current monthly minimum wage of MNT 792,000 - Income base $792,000 \times 10 = 7,920,000$ - maximum monthly employee SHI contribution $7,920,000 \times 11.5\% = 910,800$	- Employment income: 10 times the monthly minimum wage - Income from work/service contract: 3 times monthly minimum wage
Employer SHI base cap	Uncapped	Employment income: - From 2028: 12 times the monthly minimum wage - From 2029: 11 times the monthly minimum wage - From 2030: 10 times the monthly minimum wage Income from work/service contracts: - From 2027: 3 times the monthly minimum wage
Employer SHI exemption for micro size business	No special exemption	Organizations with up to five employees that fully cover social insurance contributions for their employees may apply for an exemption from the employer portion of pension, benefits, and health insurance contributions for up to 36 months. The exemption is not available to state-owned entities, foreign entities, international organizations, or NGOs.
Employer SHI contribution rate	Industrial accident and occupational disease insurance rate 0.5%; 1.5% and 2.5%	Industrial accident and occupational disease insurance rate 0.3%; 1.2% and 2.2%

Area of change	Current SHI law effective from 1 January 2024	Amended SHI law effective from 1 January 2027
Working students	No special regime	Employed students aged 15–24 may choose to be exempt from employee social insurance contributions. If the exemption is applied, the employer is required to pay only the industrial accident and occupational disease insurance contribution.

National minimum wage over the years

The national minimum wage is periodically updated by decision of the National Tripartite Committee on Labor and Social Partnership. The table below summarizes the changes over recent years for reference.

Several government payments and calculations related to employment and social insurance are linked to the approved minimum wage. For example, the workplace fee for foreign nationals' work permits is calculated as two times the monthly minimum wage. Accordingly, from 1 April 2025, the monthly fee is MNT 1,584,000 per foreign employee.

Monthly minimum wage (MNT)	Hourly rate (MNT)	Effective period
108,000.00	642.86	2008.01.01 - 2011.04.04
140,400.00	835.71	2011.04.05 - 2013.08.31
192,000.00	1,142.85	2013.09.01 - 2016.12.31
240,000.00	1,428.60	2017.01.01 - 2018.12.31
320,000.00	1,904.00	2019.01.01 - 2019.12.31
420,000.00	2,500.00	2020.01.01 - 2022.12.31
550,000.00	3,273.81	2023.01.01 - 2023.12.31
660,000.00	3,929.00	2024.01.01 - 2025.03.31
792,000.00	4,715.00	2025.04.01 - present

For more information ...

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