



Taxation of international executives: Mongolia



April 2023

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01

Overview and Introduction

1 Overview and Introduction

This document summarizes the income tax rules applicable for individuals during 2023 in Mongolia.

02

Income tax

2 Income Tax

2.1 Tax Returns and Compliance

When are tax returns due? That is, what is the tax return due date?

15 February.

What is the tax year-end?

31 December.

What are the compliance requirements for tax returns in Mongolia?

Mongolia operates a self-assessment tax return filing system. All tax returns are to be filed on an individual basis.

Tax returns are due to be filed with the local tax office by 15 February following the end of the tax year. The balancing payments are due by the same date. There are no available extensions to file or pay the tax due for individuals.

Residents

Residents are subject to income tax on their worldwide income. If the correct amount of personal income tax has been withheld from the individual's employment or investment income (such as bank interest), there is no legal requirement to file a tax return. Residents are only required to lodge a tax return if they received income which had not been taxed in Mongolia at source (e.g. foreign investment income, Mongolian rental income etc.).

Non-residents

Non-residents are subject to tax on certain categories of income from Mongolian sources under the concept of limited tax liability. If their income from employment is subject to personal income tax withholding, and the tax obligations have already been fulfilled, then no Mongolian tax return needs to be filed.

However, starting from early 2022, the MTA has encouraged individual taxpayers lodge annual tax returns even if they have only employment income and their tax obligation is fulfilled by the employer. Currently, as of April 2023, it is unclear whether this annual filing requirement will be applicable to non-resident individuals.

2.2 Tax rates

What are the current income tax rates for residents and non-residents in Mongolia?

Residents

A below new progressive rate of personal income tax came into force at the start of the financial year 2023 that applies to employment income including fringe benefit. Prior to this new progressive tax rate, employment income has been taxed at a flat 10% rate.

Employment income		Taxable bases	
Salary income		Deduct statutory social health insurance	
Indirect income (i.e., benefit, allowance)		Gross amount	
Annual taxable income bracket (in MNT)			Tax rate
0 – 120,000,000	12,000,000		10%
120,000,001 – 180,000,000	12,000,000 + 15% of the excess over 120,000,000		15%
Over 180,000,000	21,000,000 + 20% of the excess over 180,000,000		20%

There are certain types of income which are either exempt or subject to final withholding tax.

The following income is subject to specific personal income tax rates:

- Income from sale of immovable property – 2 percent final withholding tax
- Income from gambling quiz and lottery – 40 percent final withholding tax
- Income from artistic performance and sport competitions – 5 percent final withholding tax

Non-residents

Non-residents are subject to a flat 20 percent tax rate on any Mongolian sourced income.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Mongolia?

An individual taxpayer shall be considered a tax resident of Mongolia, if:

- Person has resided in Mongolia for 183 days or more in consecutive 12 months period; or
- If 50 percent or more of the taxable income includes Mongolian sourced income; or
- Person is a Mongolian civil servant appointed to work overseas.

In first year of arrival, an individual can have a split residency status. This means that for first 183 days spent in Mongolia, they are considered as a non-resident for tax purposes. Once their stay in Mongolia exceeds 183 days, they become a resident from the 184th day and onwards.

Furthermore, an individual who come to Mongolia with an intention of living and working in Mongolia for 183 days or more in consecutive 12 months under the work permit visa, they can be registered as a tax resident of Mongolia from the date of arrival.

In connection with the COVID-19 pandemic, there is no special measures are developed in Mongolia in connection with determining residency.

Is there a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

No.

What if the assignee enters the country/jurisdiction before their assignment begins?

The number of days of the individual's physical presence in Mongolia needs to be counted starting from their first entry to Mongolia; this includes any pre-assignment visits and business trips. Tax obligation for Mongolia-sourced income would not occur until the assignee receives the work permit and work visa.

2.4 Termination of residence

Are there any tax compliance requirements when entering or leaving the country/jurisdiction?

The individual taxpayer should be registered with the Mongolian Tax Authorities on arriving in Mongolia in order to obtain a tax reference number. Effective from April 2023, the Mongolian Tax Authority has started using the 13-digit unique number that is issued by the Immigration to identify the foreign national taxpayers who are residential in Mongolia.

On departure from Mongolia, there are no additional tax requirements to comply with over and above the annual tax return filing process. Once all outstanding taxes have been settled with the Mongolian Tax Authorities, the taxpayer may be deregistered in Mongolia.

Departure tax

Not applicable.

What if the assignee comes back for a trip after residency has terminated?

Any post-assignment trips to Mongolia will need be included when calculating the individual's days of presence in Mongolia for the purposes of determining the tax residence position in the year of departure.

Communication between immigration and taxation authorities

Do the immigration authorities in Mongolia provide information to the local taxation authorities regarding when a person enters or leaves Mongolia?

Yes, this information is provided where necessary. In addition, immigration documentation must be provided to the tax authorities when the individual is registered or deregistered for tax purposes.

Starting from April 2023, the Immigration Authority and Tax Authority are using the same unique identification number for residential foreign nationals.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

Where the assignee earns Mongolian sourced income or bonus that is related to the Mongolian assignment after they leave the country, they shall prepare and file annual tax return.

2.5 Economic employer approach

Do the taxation authorities in Mongolia adopt the economic employer approach to interpreting Article 15 of the Organization for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Mongolia considering the adoption of this interpretation of economic employer in the future?

No. Currently MTA is not considering the adoption of the economic employer approach. However, where an assignee is on "C" type visa (i.e. work permit visa which is always sponsored by the resident entity), the visa sponsoring entity automatically triggers the obligation for itself to withhold PIT and Social Health Insurance from the day work permit is issued.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

Not applicable.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

As a general rule, almost all items of compensation and benefits received directly and indirectly for the work performed are taxable in Mongolia. The following list covers the typical items of an expatriates remuneration which are subject to Mongolian personal income tax. Please note this is not a comprehensive taxable list:

- Base salary, additional wages, overtime pay, bonuses, assignment allowances and incentives, vacation pay, pension contributions made on behalf of the employee, and any employment allowances earned in accordance with the individual's employment contract;
- Any allowances provided by the employer to the individual or individual's family member(s);
- Gifts provided by the employer to an individual or individual's family member(s);
- Salaries, wages, bonuses, and any other incentives of members of a board of directors, control committees, part-time committees, task force, and any income akin to these;
- All types of bonuses and incentives issued by both foreign and domestic business entities, citizens and other entities.

Intra-group statutory directors

Will a non-resident of Mongolia who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Mongolia trigger a personal tax liability in Mongolia, even though no separate director's fee/remuneration is paid for their duties as a board member?

No unless they visit or enter Mongolia under a C type work visa.

a) Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Mongolia?

No unless they visit or enter Mongolia under a C type work visa.

b) Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Mongolia (i.e. as a general management fee where the duties rendered as a board member is included)?

Yes, if the cost is directly charged to the company in Mongolia.

If the cost indirectly is charged through a general management fee, withholding CIT and VAT shall be applicable.

c) In the case that a tax liability is triggered, how will the taxable income be determined?

Not applicable

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in your country/jurisdiction? If so, please provide a general definition of these areas.

There are very few exemptions/reliefs provided for in the legislation.

A tax credit may be deductible from Mongolian personal income tax of residents who receive employment income. The amount of the tax credit is currently a maximum of MNT240,000 and is reduced for each income bracket. Individuals with annual income of MNT36 million or more are not entitled to a tax credit. In addition, certain income is tax-exempt under the Personal Tax Law, including:

- Certain employee pensions, benefits, payments and reimbursements,
- Income earned by disabled persons
- Payments, interest and penalties for Government notes payable (i.e. Government bonds).

2.8 Expatriate concessions

Are there any concessions made for expatriates in your country/jurisdiction?

No.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Mongolia? If so, how?

Individuals resident in Mongolia are taxable on their worldwide income, including their salary earned from working abroad. Where such income has not been already taxed in Mongolia by means of employer withholding, the individual is required to file an annual personal income tax return to report the foreign salary income and remit the tax due to the Mongolian Tax Authorities.

Where there is a double taxation agreement in place between Mongolia and the foreign country/jurisdiction, a tax credit may be available depending on the terms of the treaty.

Effective from 1 January 2020, a foreign tax credit (FTC) is available under the domestic legislation where there is an Agreement on exchange of information on tax matters in place between Mongolia and the foreign country. Subject to this condition, if an individual's income is taxed in foreign country and that income is also taxable in Mongolia, an individual may claim FTC for the taxes paid in foreign country on the same income (on a source-by-source basis). If the foreign tax is less than Mongolian PIT liability, then the difference shall be due.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in your country/jurisdiction? If so, how?

Dividends, interest, and rental income

Dividends, interest and net rental income are subject to Mongolian personal income tax at the flat rate of 10 percent for residents and 20 percent for Mongolian sourced income of non- residents.

Gains from employee stock option exercises

Yes.

Foreign exchange gains and losses

No.

Principal residence gains and losses

Total proceeds, as opposed to a gain, from the sale of immovable property are subject to Mongolian personal income tax at a flat rate of 2 percent. There is no principal residence exemption in Mongolia.

Capital losses

The Mongolian legislation does not specifically discuss availability of capital losses; in practice, any capital losses (e.g. on the sale of shares) may be utilized to reduce the capital gains made in the same tax year, however, there is no facility to carry forward the losses to subsequent tax years.

Personal use items

No.

Gifts

There is no inheritance or gift tax in Mongolia.

However, note that employment income includes also gifts made by an employer to an employee or employee's family member. For taxation of employment income see comments above.

Foreign property reporting

No.

Non-resident trusts

No.

2.11 Additional capital gains tax (CGT) issues and exceptions

Are there capital gains tax exceptions in your country/jurisdiction? If so, please discuss.

Pre-CGT assets

No.

Deemed disposal and acquisition

No.

2.12 General deductions from income

What are the general deductions from income allowed in your country/jurisdiction?

The employee Social Security contributions (maximum MNT7,590,000 per tax year) are deductible in arriving at the individual's taxable employment income for resident taxpayers. The social security contributions are not deductible when calculating taxable employment income for non-resident taxpayers.

2.13 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in your country/jurisdiction?

The most common form of tax reimbursement is current year gross-up. This enables the tax payable by the employer and the income to which it relates to be dealt with together in the same year's tax calculation.

2.14 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in your country/jurisdiction? For example, Pay-As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

In connection with the new progressive rate of personal income tax that is effective from January 2023, the estimated tax is withheld by the employer for resident taxpayers through payroll on a monthly basis. Prior to this new progressive tax rate, no tax estimates or prepayments are required in Mongolia as the tax rate was a flat 10 percent rate.

When are estimates/prepayments/withholding of tax due in your country/jurisdiction? For example, monthly, annually, both, and so on.

Withholding tax payment due on monthly basis within 10th of the following month.

2.15 Relief for foreign taxes

Is there any Relief for Foreign Taxes in your country/jurisdiction? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Double taxation treaty

Mongolia currently has double taxation agreements with the following countries/jurisdictions:

1. Austria
2. Belarus
3. Belgium
4. Bulgaria
5. Canada
6. Czech Republic
7. Democratic People's Republic of Korea
8. France
9. Germany
10. Hungary
11. India
12. Indonesia
13. Kazakhstan
14. Kyrgyzstan
15. Malaysia
16. People's Republic of China
17. Poland
18. Republic of Korea
19. Russia
20. Singapore

21. Switzerland
22. Turkey
23. Ukraine
24. United Kingdom
25. Italy

Foreign tax credit under domestic legislation

According to the Decree #A90 approved by Head of MTA on 30 September 2021, a foreign tax credit is available for the following countries that Mongolia has Tax Information Exchange Agreements (TIEA) with:

- | | |
|--|------------------------------------|
| 1. Commonwealth of Australia | 31. Kingdom of Denmark |
| 2. Republic of Austria | 32. Commonwealth of Dominica |
| 3. Republic of Azerbaijan | 33. Dominican Republic |
| 4. Republic of Albania | 34. State of Israel |
| 5. United States of America | 35. Republic of Indonesia |
| 6. Principality of Andorra | 36. Ireland |
| 7. Antigua and Barbuda | 37. Republic of Iceland |
| 8. Argentine Republic | 38. Kingdom of Spain |
| 9. Republic of Armenia | 39. Republic of Italy |
| 10. Barbados | 40. Hashemite Kingdom of Jordan |
| 11. Commonwealth of the Bahamas | 41. Republic of Carbo Verde |
| 12. Kingdom of Bahrain | 42. Republic of Kazakhstan |
| 13. Belize | 43. Republic of Cameroon |
| 14. Kingdom of Belgium | 44. Canada |
| 15. Republic of Benin | 45. State of Qatar |
| 16. Republic of Bulgaria | 46. Republic of Kenya |
| 17. Bosnia and Herzegovina | 47. The Republic of Cyprus |
| 18. Republic of Botswana | 48. Republic of Colombia |
| 19. Federative Republic of Brazil | 49. Republic of Costa Rica |
| 20. United Kingdom of Great Britain and Northern Ireland | 50. State of Kuwait |
| 21. Brunei Darussalam | 51. The Cook Islands |
| 22. Burkina Faso | 52. Republic of Latvia |
| 23. The Republic of Vanuatu | 53. Republic of Liberia |
| 24. Gabonese Republic | 54. The Republic of Lebanon |
| 25. Republic of Ghana | 55. Republic of Lithuania |
| 26. Republic of Guatemala | 56. Liechtenstein |
| 27. Federal Republic of Germany | 57. Grand Duchy of Luxembourg |
| 28. Hellenic Greece | 58. Islamic Republic of Mauritania |
| 29. Grenada | 59. Republic of Mauritius |
| 30. Georgia | 60. Malaysia |
| | 61. Republic of Maldives |

- | | | | |
|-----|---|------|---------------------------------------|
| 62. | Republic of Malta | 97. | Slovak Republic |
| 63. | Kingdom of Morocco | 98. | Republic of Slovenia |
| 64. | Republic of the Marshall Islands | 99. | Republic of Korea |
| 65. | United Mexican States | 100. | Kingdom of Thailand |
| 66. | Republic of Moldova | 101. | Togolese Republic |
| 67. | Principality of Monaco | 102. | Republic of Tunisia |
| 68. | Montenegro | 103. | Republic of Turkey |
| 69. | Republic of Namibia | 104. | Republic of Uganda |
| 70. | Republic of Nauru | 105. | Ukraine |
| 71. | Federal Republic of Nigeria | 106. | Republic of North Macedonia |
| 72. | Kingdom of the Netherlands | 107. | Hungary |
| 73. | Niue Island country | 108. | Eastern Republic of Uruguay |
| 74. | Kingdom of Norway | 109. | Republic of the Philippines |
| 75. | Sultanate of Oman | 110. | Republic of Finland |
| 76. | Russian Federation | 111. | French Republic |
| 77. | Republic of South Africa | 112. | Republic of Croatia |
| 78. | Islamic Republic of Pakistan | 113. | People's Republic of China |
| 79. | Republic of Panama | 114. | Czech Republic |
| 80. | State of Papua New Guinea | 115. | Republic of Chile |
| 81. | Republic of Paraguay | 116. | Kingdom of Sweden |
| 82. | Republic of Peru | 117. | Swiss Confederation |
| 83. | Republic of Poland | 118. | New Zealand |
| 84. | Portuguese Republic | 119. | Republic of Ecuador |
| 85. | Republic of Rwanda | 120. | Republic of El Salvador |
| 86. | Romania | 121. | United Arab Emirates |
| 87. | Independent State of Samoa | 122. | Republic of India |
| 88. | Republic of San Marino | 123. | Kingdom of Eswatini |
| 89. | Kingdom of Saudi Arabia | 124. | Republic of Estonia |
| 90. | Republic of Seychelles | 125. | Jamaica |
| 91. | Republic of Senegal | 126. | Japan |
| 92. | Saint Vincent and the Grenadines | 127. | Democratic People's Republic of Korea |
| 93. | Federation of Saint Christopher and Nevis | 128. | Socialist Republic of Viet Nam |
| 94. | Saint Lucia | 129. | Republic of Belarus |
| 95. | Republic of Serbia | 130. | Kyrgyz Republic |
| 96. | Republic of Singapore | | |

2.16 General tax credits

What are the general tax credits that may be claimed in your country/jurisdiction? Please list below.

Following tax credit is deductible from Mongolian personal income tax of resident who receive Mongolian employment income:

Annual taxable employment - income (MNT)	2022 credit
Up to 6,000,000	240,000
6,000,001 – 12,000,000	216,000
12,000,001 – 18,000,000	192,000
18,000,001 – 24,000,000	168,000
24,000,001 – 30,000,000	144,000
30,000,001 – 36,000,000	120,000
Over 36,000,000	-

2.17 Sample tax calculation

The sample tax calculation assumes that the individual is resident in Mongolia during their assignment which runs from 1 January 2023 to 31 December 2023, in US dollars (USD).

	2021 USD	2022 USD	2023 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	20,000	20,000
Home leave	0	0	0
Education allowance	3,000	3,000	3,000
Investment income	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = MNT3,400.00.

Other assumptions

- All employment income is attributable to Mongolia. All allowances are paid gross and in cash.
- The individual is resident in Mongolia throughout their assignment.
- All moving expenses can be substantiated with appropriate receipts or invoices. All numbers provided in the calculations are rounded up to closest MNT1,000.

Calculation of taxable income

Year-ended	2021 In thousand MNT	2022 In thousand MNT	2023 In thousand MNT
Days in Mongolia during year	365	365	365
Earned income subject to income tax:			
Salary	340,000	340,000	340,000
Bonus	68,000	68,000	68,000
Cost-of-living allowance	34,000	34,000	34,000
Housing allowance	40,800	40,800	40,800
Company car	20,400	20,400	20,400
Moving expense reimbursement	68,000	68,000	68,000
Home leave	0	0	0
Education allowance	10,200	10,200	10,200
Total earned income	581,400	581,400	581,400
Investment income	20,400	20,400	20,400
Total income	601,800	601,800	601,800
Deductions ("Social security" or "SHI")	5,796	5,796	7,590
Total taxable income	596,004	596,004	594,210

Calculation of tax liability

Taxable income as above	596,004	596,004	594,210
Income tax (federal and provincial) thereon	59,600	59,600	103,320
Less			
Non-refundable tax credits ¹	-	-	-
Total income tax	59,600	59,600	103,320
Employee contribution to Pension Plan	0	0	0
Employee contribution to social security	5,796	5,796	7,590
Employer contribution to social security ²	72,675	72,675	78,489

Footnotes

¹Annual income is over MNT36 million and therefore there is no tax credit available.

²Employer contribution to Employment insurance (SHI) row is added and calculated or completeness.

03

**Special considerations
for short term
assignments**

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

No. However note that where assignee's original plan was to stay more than 183 days in Mongolia and has applied for a resident tax rate. If they decide to terminate the assignment before reaching 183 days, then the assignee must perform re-calculation of their tax liability at non-resident tax rate and remit the remaining tax due.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

No.

3.3 Taxable income

What income will be taxed during short-term assignments?

Provided that the assignee remains in Mongolia for 183 days or less during the tax year, only their Mongolian-sourced employment income should be taxable in Mongolia.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short-term assignment in your country/jurisdiction?

No.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in your country/jurisdiction? If so, what are the rates for employers and employees?

The Mongolian Social Security System provides for pension, health, disability and unemployment benefits, amongst others. Participation is mandatory for all Mongolian citizens, foreigners and stateless persons employed within the territory of Mongolia.

The employee contributions are capped at MNT632,500 per month whilst the employer contributions are uncapped and range from 12.5 percent to 14.5 percent of the employees' remuneration depending on the sector.

The employers are responsible for withholding social security contributions and transferring them to the relevant authorities on a monthly basis.

Type of insurance	Paid by employer	Paid by employee	Total
Pension Insurance	8.5%	8.5%	17%
Benefit Insurance	1.0%	0.8%	1.8%
Health Insurance	2%	2%	4%
Industrial Accident Insurance	0.8-2.8%	0%	0.8-2.8%
Unemployment Insurance	0.2%	0.2%	0.4%
Total	12.5-14.5%	11.5%	26-28%

Pension Plan

Workers who have contributed to Social Security are eligible for social security benefits. Pension benefits are paid to a worker upon their retirement. Private pension plans are not typically offered by Mongolian employers. Unless specifically allowed for under the treaty provisions, pension contributions to a foreign pension plan are not typically allowed as a deduction from taxable income, and any pension contributions made to a foreign pension plan by the employer on employee's behalf constitute part of the employee's taxable income.

Employment insurance

Aid benefits are paid to a worker or the worker's family upon disability, pregnancy or death. The amount of the benefit paid to a beneficiary depends on a number of factors, including their salary and the number of years they have contributed to Social Security. Health benefits are paid in case of a worker's illness.

4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in your country/jurisdiction?

No.

4.3 Real estate tax

Are there real estate taxes in your country/jurisdiction?

Immovable property tax applies to land and other immovable property at a rate between 0.6 percent and 1 percent, depending on the location, size and supply and demand of the property. The value of the property is determined in accordance with the state registry value, or insurance value, or book value in the accounting record. Tax is calculated annually and paid in either quarterly instalments (in case of corporate entities) or annually (by individual taxpayers).

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in your country/jurisdiction?

VAT is imposed on goods imported into and exported out of Mongolia, as well as any goods produced or sold, work performed, or services provided in Mongolia.

The standard VAT rate in Mongolia is 10 percent of the taxable value of the goods and services.

An individual taxpayer who has a Mongolian bank account may reclaim 20 percent of the VAT paid (i.e. 2 percent of the purchase) during the year by registering on a dedicated VAT refund portal and scanning in all eligible VAT receipts. This also gives them an automatic entry to a monthly state lottery with tax exempted cash prizes.

4.5 Unemployment tax

Are there unemployment taxes in your country/jurisdiction?

Unemployment insurance (employer: 0.2 percent, employee: 0.2 percent) is charged as part of the compulsory Social Security (Social Health Insurance - SHI) (see above).

4.6 Other taxes

Are there additional taxes in your country/jurisdiction that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Excise tax

Excise taxes in Mongolia are imposed on:

- Alcohol
- Tobacco
- Gasoline and diesel fuel
- Automobiles
- Quizzes and gambling equipment and activities.

Rates vary from 0.0 percent to 15.0 percent depending on the type of product.

4.7 Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

In April 2017, Parliament approved amendments to Law on Managing and Preventing from conflict of interests in the public service. Under the law, only state and government officials are required to disclose offshore bank accounts.

There is no requirement to declare offshore assets for individuals other than government officials mentioned above.

05

Immigration

5 Immigration

Following is an overview of the concept of the Mongolia immigration system for skilled labor.

(E.g. which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to, and work authorization for, Mongolia. The information is of a general nature and should not be relied upon as legal advice.

Most foreign nationals who intend to perform productive duty in Mongolia will need a work permit, work visa and residency permit. Depending on the purpose of travel to Mongolia and the nationality of the traveler, there are different types of visas available. Without a local employer (visa sponsor), technically there are no visa categories available under the domestic legislation which would allow a foreign national to legally undertake employment in Mongolia.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter Mongolia as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

Mongolia also has specific agreements with several countries/jurisdictions, which allows nationals of those countries/jurisdictions to enter in Mongolia for a business purpose (“non-productive” duties) without any visa requirement. Generally, these business visitors are prohibited from engaging in employment or productive activities in Mongolia.

The nationals of the following list of countries/jurisdictions (as of January 2023) are exempted from visa to enter Mongolia:

1	The Republic of Philippines	All passports	Up to 21 days
2	Malaysia	All passports	Up to 30 days
3	The Republic of Kazakhstan	All passports	Up to 90 days
4	The State of Israel	All passports	Up to 30 days
5	Hong Kong SAR (China)	All passports	Up to 14 days
6	The Kyrgyz Republic	All passports	Up to 90 days
7	Ukraine	All passports /with official invitation/	Up to 90 days
8	The United States of America	All passports	Up to 90 days
9	Macau SAR (China)	All passports	Up to 90 days
10	The Lao People's Democratic Republic	All passports	Up to 30 days
11	The Kingdom of Thailand	All passports	Up to 30 days
12	Japan	All passports	Up to 30 days
13	The Federal Republic of Germany	All passports	Up to 30 days
14	The Republic of Belarus	All passports	Up to 90 days

15	The Republic of Turkey	All passports	Up to 30 days
16	The Republic of Serbia	All passports	Up to 90 days
17	Canada	All passports	Up to 30 days
18	The Russian Federation	All passports	Up to 30 days
19	The Federative Republic of Brazil	All passports	Up to 90 days
20	The Republic of Singapore	All passports	Up to 30 days
21	The Argentine Republic	All passports	Up to 90 days
22	Oriental Republic of Uruguay	All passports	Up to 30 days
23	The Republic of Chile	All passports	Up to 90 days
24	Ecuador	All passports	Up to 90 days
25	Peru	All passports	Up to 90 days
26	Republic of Korea	All passports	Up to 90 days
27	Uzbekistan	All passports	Up to 30 days

In connection with the Government decision to promote the years 2023-2025 as the ‘Years to visit Mongolia’, the Cabinet has announced temporary visa waiver from visa requirements for the nationals of the following 34 countries for up to 30 days. The list of countries to be exempted from visa requirements to visit Mongolia up to 30 days in the years 2023 – 2025:

1	Republic of Austria	All passports	Up to 30 days
2	Kingdom of Belgium	All passports	Up to 30 days
3	Hungary	All passports	Up to 30 days
4	Hellenic Republic	All passports	Up to 30 days
5	Kingdom of Denmark	All passports	Up to 30 days
6	Kingdom of Spain	All passports	Up to 30 days
7	Italian Republic	All passports	Up to 30 days
8	Republic of Latvia	All passports	Up to 30 days
9	Republic of Lithuania	All passports	Up to 30 days
10	Principality of Liechtenstein	All passports	Up to 30 days
11	Grand Duchy of Luxembourg	All passports	Up to 30 days
12	Republic of Malta	All passports	Up to 30 days
13	Kingdom of the Netherlands	All passports	Up to 30 days
14	Republic of Poland	All passports	Up to 30 days
15	Portuguese Republic	All passports	Up to 30 days
16	Slovak Republic	All passports	Up to 30 days

17	Republic of Slovenia	All passports	Up to 30 days
18	Republic of Finland	All passports	Up to 30 days
19	French Republic	All passports	Up to 30 days
20	Republic of Croatia	All passports	Up to 30 days
21	Czech Republic	All passports	Up to 30 days
22	Kingdom of Sweden	All passports	Up to 30 days
23	Republic of Estonia	All passports	Up to 30 days
24	Kingdom of Norway	All passports	Up to 30 days
25	Republic of Iceland	All passports	Up to 30 days
26	Swiss Confederation	All passports	Up to 30 days
27	Republic of Bulgaria	All passports	Up to 30 days
28	Ireland	All passports	Up to 30 days
29	Republic of Cyprus	All passports	Up to 30 days
30	Romania	All passports	Up to 30 days
31	Principality of Monaco	All passports	Up to 30 days
32	United Kingdom of Great Britain and Northern Ireland	All passports	Up to 30 days
33	Commonwealth of Australia	All passports	Up to 30 days
34	New Zealand	All passports	Up to 30 days

Please note that visa exemption stay cannot be extended in-country/jurisdiction. Furthermore, non- visa foreign nationals cannot convert the stay into work visas whilst they are in the country/jurisdiction. In order to apply for work permit and work visa, they will need to leave the country/jurisdiction and re-enter with the appropriate approvals and visas.

Describe (a) the regulatory framework for business traveller being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

"K1" type visa is for a foreign national to enter and stay in Mongolia for up to 30-90 days to perform non-productive activities in the country/jurisdiction and this visa cannot be extended whilst the employee is in the country/jurisdiction. Multi-entry "K1" visa is available for foreign nationals who commute regularly.

Business like activities, including:

- 1 Attend conference, meeting, seminar or training
- 2 Participate in exhibition / negotiation
- 3 Lecturer or speaker etc.

No salary/income should be provided by Mongolian entity (no cost recharge other than expenses incidental to the visit).

In the legislation, activities that are permitted for the duration of stay is not clearly regulated.

Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

The following steps are necessary as a Lodgment process:

Online business visa request to Immigration Authority via (<https://evisa.mn/main>)

- Visa permit shall be issued within 5 business days at normal service and 3 business days at express service. Visa permit code shall be sent via message.
- Visa on-arrival shall be applied 14 days prior to foreign national entry to Mongolia if he/she comes from country where the Mongolian diplomatic missions or consulates are not designated.

Core documents for Business single entry visa (To Immigration)

- 1 Invitation letter by inviting organization (i.e. visitor's primary address and embassy address where the visitor is going to apply for a visa should be clear on this letter)
- 2 Copy of the state registration certificate of the inviting organization
- 3 Copy of special licenses and its appendices
- 4 Online application
- 5 Copy of passport of the foreign national
- 6 Receipt of stamp duty

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

There are no such specific categories available for technical support staff on short-term assignments.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Mongolia? In this context outline whether a local employment contract is required for the specific permit type.

The below are the work visas available for foreign nationals to live and work in Mongolia:

- “B” visa is an investor visa for foreign nationals of foreign invested enterprises
- “C” visa is an employment visa for a foreign national who is to work under employment contract with Mongolian resident entity.
- “J” visa is for a foreign national who works for a religious organization.
- “O” visa is for a foreign national who works for a non-government organization, or an international humanitarian organization.

“C” visa is an employment visa for a foreign national who is to work under employment contract with Mongolian resident entity. Local employment letter or international assignment letter shall be required for the work permit.

Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).

The following steps are necessary as a Lodgment process:

Work permit pre-approval >> C visa >> Work Permit >> Residence Permit

Prior to arrival

1) Application for a work permit pre-approval

Firstly, visa sponsor organization needs to obtain a work permit pre-approval for the employee, which will be issued by the Labor and Welfare Office within 10 working days, upon submission of application. Once the pre-approval is issued, it has to be submitted physically to the Immigration Office for the next step (visa application).

2) C Work Visa application

Once the Immigration Office receives the work permit pre-approval, they confirm the work pre-approval code to the relevant consulate where the employee will apply for their visa at.

Following this, the employee is able to apply for a C Work Visa at the respective Mongolian embassy or consulate in their country/jurisdiction of residence or in any other country/jurisdiction.

Post- arrival

3) Registration with the immigration authorities

Where the employee will stay in Mongolia for more than 30 days, they are required to register with Immigration Authority electronically within 48 hours upon arrival.

4) Work permit approval

Work permit application to be filed with the Labor and Welfare Office within 7-10 days of arrival after the employee has conducted the medical testing successfully. The work permit is issued within 3-5 working days upon submission of application.

5) Residence permit

After the issuance of the work permit, the employee has to apply for a Residence Card within 21 days. The Residence Card is to constitute a proof that the foreign national employee is residential in Mongolia, not required in order to commence work. It is issued within 5 working days (3 days with expedited service). With the Residency permit, the employee does not need to apply for a multiple entry C Visa again. While the resident permit is valid, it allows the employees to exit and enter the country.

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

There is no minimum salary requirement to obtain a long-term work.

Is there a fast-track process which could expedite the visa/ work permit?

Not available at the moment for work permit and visa.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

Technically once the work permit is issued from Labor and Welfare office upon arrival.

Can a short-term permit/ business visa be transferred to a long-term permit in Mongolia?

Short term visa cannot be converted to long term visa in the country/jurisdiction.

Is it possible to renew work and residence permits?

Validity period for work permit and work visa is available for 12 months (within calendar year) and expires on 31 December each year. It is possible to renew the work permit, work visa and residence permit in country/jurisdiction.

Is there a quota or system or a labor market test in place?

Employer - Business quota

A foreign worker quota is established for the number of foreign workers that can be hired and apply for a work permit depending on economic sectors. This quota is renewed and approved by the Government at the end of each year on an annual basis. The foreign worker quota for 2023 is approved as follows:

Economic sectors	Number of foreign workers	Percentage of total foreign workforce
Agriculture	108	0.5%
Mining and quarrying	8,000	39.3%
Manufacturing	984	4.8%
Electricity, gas, steam and air conditioning supply	1,511	7.4%
Water supply, waste management	100	0.5%
Construction	3,644	17.9%
Wholesale and retail trade	2,118	10.4%
Transportation and warehousing	1,642	8.1%
Hospitality and food service	146	0.7%
Information and communication	2	0.0%
Financial and insurance	41	0.2%
Real estate	3	0.0%
Professional, scientific and technical activities	8	0.0%
Administrative and support service activities	248	1.2%
Public administration and defence	73	0.4%
Education services	980	4.8%
Health and social welfare	154	0.8%
Arts, entertainment and recreation	15	0.1%
Other service activities	178	0.9%
Household service activities	300	1.5%
Activities of international organizations and bodies	96	0.5%
TOTAL	20,351	100%

In the previous years, the foreign workforce quotas were set with a percentage per organization, and generally 10%-60% of a company's workforce was represented by foreign nationals, depending on the industry and sector in which companies operate. Whereas for the 2023 year, the total number of foreign workforces per annum is set for the entire economic sector rather than per organization.

Employer - Domestic labour testing

Effective from 1 July 2022, under the new Workforce Mobility Law, an employer is required to test the local market firstly by notifying skills in demand to the Labour and Welfare Offices (for positions other than Executives, Managers for International organizations, medical specialists, educational professionals etc). If the employer cannot find a satisfied candidate with the skills required within 14 business days from the position announcement with the Labour and Welfare Office, they are allowed to submit their request to invite a foreign national employee.

At the time of writing this newsletter (April 2023), this local labour market testing requirement is not in force yet. Therefore, we advise companies to seek clarification from the below website or Helpline before preparing any applications for work permits.

Employee – Education requirement

An educational degree of the employee (minimum a bachelor's degree or equivalent) must be submitted to request for work permit.

5.3 General Immigration Related Questions

Would it be possible to bring family members to Mongolia?

It is possible to invite family members to Mongolia.

Please note that family/dependent visa is available to married spouse, domestic partner, parents and kids to live in Mongolia.

Is it possible to obtain a permanent residence permit?

Not possible

What if circumstances change after the Work and Residence application process (e.g. change of employment or personal situation, including job title, job role or salary)

Change in terms of the employment or personal situation, including job title, job role or salary is not required to be notified unless the employee is transferring permanently to different employer in Mongolia.

How long can a permit holder leave Mongolia without their permit becoming invalid?

N/A

Must immigration permissions be cancelled by the end of the assignment/employment?

The cancellation is required for work visa and residency permit with the Immigration.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Penalties could be deportation of the employees, restriction on re-entering Mongolia or monetary fines to employer and employees.

5.4 Other Important Items

In practice, some international companies second their employees to Mongolia to perform short term activities, which normally fall under “productive work” under the visa exemption or business visa, as long as the visits do not exceed 30-90 days. The reason for this is the long processing times for obtaining a C visa and work permit.

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