



GRATA
INTERNATIONAL
MONGOLIA

DOING BUSINESS IN MONGOLIA - 2026

GRATA International Mongolia LLC

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I. INTRODUCTION

Tremendous mineral reserves, agricultural endowments, and proximity to Asia's vast markets make Mongolia an attractive destination for medium to long-term foreign direct investment (FDI).

General Information about Mongolia

- **Population:** As of the beginning of 2025, Mongolia's total population stands at 3,544,835. In terms of population distribution, 71.2% of the population, or 2,522,210 people, reside in the capital city of Ulaanbaatar, while 28.8%, or 1,022,625 people, live in rural areas.¹
- **Territory:** Mongolia is a landlocked country bordered by the Russian Federation to the north and the People's Republic of China to the south. It has a total land area of 1,564,116 square kilometers. Administratively and territorially, Mongolia is divided into the capital city, 21 provinces (aimags), and 330 soums (districts). The land area per capita amounts to approximately 44 hectares per person.²
- **Language:** Mongolia has one official language, which is Mongolian.³
- **Legal System:** The primary source of law in Mongolia is statutory (written) law, and all legislation, regulations, and rules are governed by the 1992 Constitution, commonly referred to as the democratic Constitution. Mongolia is a parliamentary republic, and the system of state authority is divided into three branches: the State Great Khural (Parliament), the Government (executive branch), and the Judiciary.⁴
- **Currency:** Mongolian Tugriks (MNT)⁵
- **Cost of Living:** As of 2025, the estimated monthly living expenses in Mongolia, excluding rent, amount to approximately USD 560 for a single individual and USD 2,000 for a family of four. This represents a cost of living that is 55.3% lower than the average living expenses in the United States.⁶
- **Human Resources:** The majority of Mongolia's working-age population possesses a relatively high level of education. According to available statistics, 59.1% of citizens aged 15 and above, considered to be of working age, are employed.⁷
- **Economy:** According to data published by the National Statistics Office, as of the end of 2024, Mongolia's Gross Domestic Product (GDP) amounted to MNT 32.0 trillion at 2015 constant prices and MNT 79.9 trillion at current prices. In the second quarter of 2025, nominal GDP reached MNT 40 trillion, representing an 8.8% increase compared to the same period of the previous year.⁸

Mongolia's economy is primarily based on agriculture and mining. The country is rich in mineral resources, and the extraction of copper, coal, molybdenum, tin, tungsten,

¹ National Statistics Office of Mongolia,

https://www.1212.mn/mn/statcate/table/Population.%20household/1_Population,%20household

² https://www.tecm.org.tw/mn/mongol_country.html

³ Law on the Mongolian Language(2015), <https://legalinfo.mn/mn/detail/10932>

⁴ B. Amandykh, "The Legal System of Mongolia and the Development of Legislation" (2018), <https://legalddata.mn/b/358>

⁵ Law on Conducting Payments and Settlements in the National Currency (2009), <https://legalinfo.mn/mn/detail/484>

⁶ Cost of Living in Ulaanbaatar (October 14, 2025), <https://livingcost.org/cost/mongolia/ulaanbaatar>

⁷ Labour Force Survey, First Quarter of 2025, National Statistics Office of Mongolia,

https://downloads.1212.mn/O97fcPQzlo5iew9_YMryXk_54bLi9-BG_-HA0V_C.pdf

⁸ Gross Domestic Product, National Statistics Office of Mongolia, https://downloads.1212.mn/tzscSfp2IWouyAo-GeDKmZ0WcNwjEY-0JjC_cWXV.pdf

and gold plays a significant role in the national economy. Outside urban areas, the population predominantly engages in livestock husbandry, including the herding of sheep, goats, cattle, horses, and camels. Crop production mainly consists of the cultivation of wheat, barley, vegetables, tomatoes, watermelons, sea buckthorn, and fodder crops.

The significant features and advantages of Mongolia include, but are not limited to, the following:

- A diversified and growing market exists in Mongolia;
- Technology Innovation Hub;
- Large mineral resource base that can be leveraged for value-added processing;
- Developing Industry and Infrastructure;
- Acting as a bridge between the two economic powerhouses of Russia and China;
- A young, well-educated population;
- The private sector and privatization, including the privatization of major state assets and listing Mongolian conglomerates and exploration license aggregators on MSE;
- Public-Private Partnerships (PPPs) and modernizing Infrastructure;
- Rule of law, regulatory quality, and transparency;
- Ensuring guarantees for investors, both tax and non-tax related;
- Promising mega projects; and
- A thriving telecoms & IT sector.

II. FOREIGN INVESTMENT ENVIRONMENT IN MONGOLIA

Mongolia offers a favorable environment for medium- and long-term foreign direct investment (FDI) due to its abundant natural resources, extensive agricultural potential, and strategic proximity to two of Asia's largest markets. Foreign direct investment accounts for approximately 60% of total investment in the country. As of the end of 2023, FDI inflows reached USD 3.5 billion, increasing to USD 4.1 billion by the end of 2024. As of the second quarter of 2025, total FDI amounted to USD 2.35 billion, representing a 16% decrease, or USD 344 million less, compared to the performance recorded during the same period of the previous year.⁹

International legal framework:

Mongolia is actively engaged in negotiating bilateral and multilateral agreements with foreign countries and participating in regional integration activities.

Currently, Mongolia has:

- Signed "Bilateral agreements on investment promotion and mutual protection" with 42 countries;
- Established "Double Taxation treaties" with 26 countries;
- General Agreement on Trade and Economic Cooperation with 24 Countries
- Established "Agreements on Mutual Legal Assistance in Civil, Family, and Criminal Matters" with 19 countries;
- Signed its first free trade agreement, referred to as "the Mongolia – Japan Economic Partnership Agreement (EPA)" with Japan;

⁹ External Sector Review, Third Quarter of 2025, Bank of Mongolia, <https://stat.mongolbank.mn/external>

- Bilateral agreements and arrangements, including, inter alia, the Interim Free Trade Agreement between Mongolia and the Eurasian Economic Union, have been concluded.

Moreover, Mongolia is a member of the Seoul Convention establishing the Multilateral Investment Guarantee Agency and the Washington Convention on the Settlement of Investment Disputes. Consequently, in April 2014, Mongolia introduced its investment policy and the law to the UN Conference on Trade and Development /UNCTAD/ releasing “Mongolian Foreign Investment Policy Review”.

Local legal framework:

In 2013, the Parliament of Mongolia passed a new law on investment, which replaced both the old Investment Law of 1993 and the Law on Strategic sectors. The Investment Law¹⁰ aims to create an open investment environment for investors, focusing on the following:

1. No approval is required to enter the market and purchase a local company.
2. No discrimination between foreign and local investors;
3. Fast registration process;
4. Stability guarantees- Provision of a tax stabilization certificate; and
5. Flexibility and favorable conditions for investors.

In 2021, the Ministry of Economy and Development was newly established, replacing the National Development Agency of Mongolia, which had been responsible for investment-related matters. The new Ministry is tasked with, among other things, enhancing integrated investment policy and planning, improving the legal environment, ensuring and overseeing the implementation of relevant legislation, attracting, supporting, and protecting investment, implementing comprehensive measures to develop public and private partnerships, defining integrated policies for loans, and developing a national investment program.

Forms of Investment:

Pursuant to the Law on Investment, investments in Mongolia may be implemented in the following forms:

1. By establishing a solely or jointly owned business entity;
2. Through the purchase of shares, bonds, and other securities of Mongolian companies;
3. By merging or wholly acquiring Mongolian and foreign companies;
4. Through the establishment of a franchise or financial leasing agreement, and Investment in the form of franchising
5. In other ways, acceptable and not prohibited by law.

Foreign Direct Investment (FDI) refers to an investment made by an enterprise of one country into an enterprise established in another country. The principal distinguishing feature of FDI, as compared to other forms of investment, is the degree of managerial control exercised by the investor. An investment is considered FDI when the investor holds 10 percent or more ownership interest, thereby obtaining the ability to influence or directly participate in the management of the domestic enterprise.

Depending on the percentage of ordinary shares held in the enterprise, FDI companies are

¹⁰ <https://legalinfo.mn/mn/detail?lawid=9491>

classified as follows:

- Associate Company - (20–50% ownership) possessing significant influence over the company's operations.¹¹
- Subsidiary Company - (50–100% ownership) possessing full control over the company's operations.¹²

Where an investor does not directly hold shares in a particular enterprise but exercises control or influence indirectly through another investing entity, such investment shall be deemed indirect foreign direct investment.

REQUIREMENTS APPLICABLE TO FOREIGN INVESTORS

If a foreign state-owned legal entity intends to hold 33 percent or more of the total shares issued by the legal entities in Mongolia operating in the following strategic sectors must get permission from the Ministry of Economy and Development before becoming the shareholder or investor:

1. Mining;
2. Bank and finance;
3. The media and communications.

The following documents are required to apply for permission as a foreign state investor prior to investing in a Mongolian legal entity:

1. Official request for the permit of the applicant;
2. Notarized copy of the applicant's certificate of incorporation issued by a competent authority in the applicant's country;
3. References from the registration authority concerning the applicant, individuals with common interests, and the applicant's executive management over the past two years;
4. Introduction to the main activity and shareholders of the applicant;
5. Investment plan and business project to be implemented by the applicant in Mongolia;
6. Preliminary transaction details between a foreign state-owned entity and the Mongolian entity, including types and conditions of the transaction, parties involved, shares to be transferred, percentage of shareholding, agreement price, and any proposed changes to the entity's charter;
7. Financial reports and audited financial statements of both the foreign state-owned legal entity and the Mongolian business entity;
8. Contact details.

POLICY FOR FOREIGN INVESTORS

Tax Incentives

1. Tax exemptions

Imported machinery and technical equipment may be exempted from customs duty, and the VAT rate may be zero-rated during the construction works in the following cases:

¹¹ Company Law (2011), Article 6.1, <https://legalinfo.mn/mn/detail/310>

¹² Company Law (2011), Article 6.3, <https://legalinfo.mn/mn/detail/310>

- a) Construction of materials, petroleum, and agricultural processing and export product plants;
 - b) Construction of plants utilizing nano, bio, and innovation technologies; and
 - c) Construction of power plants and railways.
2. *Tax Credits*
3. *Accelerated depreciation expense deduction from taxable revenue;*
4. *Carry forward of losses to be deducted from taxable revenue in future years; and*
- a) Losses can be carried forward for up to four years, with their use restricted to 50% of taxable profit in any year for economic sectors other than mining and infrastructure.
 - b) Tax losses in the infrastructure and mining sectors can be carried forward and deducted from taxable income for four to eight income years following the year in which the loss was incurred.
5. *Deduction of employee training expenses from the taxable revenue*

Investors have a right to transfer the following assets and revenues out of Mongolia without hindrance, provided they have fulfilled their tax payment obligations in Mongolia:

- a) Business activity profits and dividends;
- b) License fees for intellectual property rights and service charges;
- c) Payment of principal amounts and interests of overseas loans;
- d) An investor's share of remaining properties after the liquidation of a business entity; and
- e) Other legally acquired or owned properties.

Non-taxation incentives

Non-tax incentives may be rendered to investors in the following ways:

- a) Support for investors investing in free zones, productions, and technological parks, with eased registration and checkpoint regimes;
- b) Support for infrastructure, science, and educational projects, including increasing the number of foreign workforces and specialists, exemption from employment fees, and facilitating permit issuance;
- c) Support for innovation projects and financing guarantees for the financing for production of export-oriented innovation products;
- d) Provision of multiple visas and residential permissions for foreign investors and their family members under applicable Mongolian laws;
- e) Other non-tax support measures as stipulated by law.

Stabilization of Taxations

A stabilization certificate will be issued to investors whose projects in Mongolia meet the following criteria:

- a) The total investment amount outlined in the business plan and feasibility analysis must meet the specified amount in *Tables 1 and 2*;
- b) Completion of the environmental impact assessment, if required by the law;
- c) Creation of stable job opportunities; and
- d) Introduction of high-tech and advanced technologies.

A stabilization certificate will be issued for the following sectors for the durations stated below:

Table 1. Duration of Issuance of Stabilization Certificates in the Mining, Heavy Industry, and Infrastructure Sectors

| Investment amount /in billion tugriks/ | Validity of the stabilization certificates (in years) | | | | | Investment completion period /in years/ |
|---|--|-----------------------|-----------------------|-----------------------|-----------------------|--|
| | Ulaanbaatar area | Central region | Khangai region | Eastern region | Western region | |
| 30-100 | 5 | 6 | 6 | 7 | 8 | 2 |
| 100-300 | 8 | 9 | 9 | 10 | 11 | 3 |
| 300-500 | 10 | 11 | 11 | 12 | 13 | 4 |
| 500 and above | 15 | 16 | 16 | 17 | 18 | 5 |

Table 2. Duration of Issuance of Stabilization Certificates in Other Sectors

| Investment amount /in billion tugriks/ | | | | | Validity of the stabilization certificates (in years) | Investment completion period /in years/ |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--|--|
| Ulaanbaatar area | Central region | Khangai region | Eastern region | Western region | | |
| 10-30 | 5-15 | 4-12 | 3-10 | 2-8 | 5 | 2 |
| 30-100 | 15-50 | 12-40 | 10-30 | 8-25 | 8 | 3 |
| 100-200 | 50-100 | 40-80 | 30-60 | 25-50 | 10 | 4 |
| More than 200 | More than 100 | More than 80 | More than 60 | More than 50 | 15 | 5 |

The investment amount is a crucial criterion for obtaining a stabilization certificate. Depending on the investment amount and the location where the investment is made, the stabilization period will apply to corporate income taxation, customs duties, value-added taxation, and mineral resource royalties as outlined in Tables 1 and 2.

The stabilization certificate becomes effective from the date of issuance, and the tax rates for corporate income tax, customs duty, value-added tax, and mineral resource royalty remain stable throughout the entire validity period of the certificate.

The validity duration of the stabilization certificate, as indicated in Tables 1 and 2, will be extended 1.5 times for investors implementing projects in the following categories:

- a) Producing import-substitute and export-oriented products significant for the long-term sustainable development of Mongolia's socio-economic sector, investing over MNT 500 billion based on the Central Bank official rate at the time of feasibility analysis approval, and requiring over three years of construction works, irrespective of location and sector;

- b) An investor or legal entity meeting the above criteria engaged in the value-added processing industry and exporting basic products.

An investor or legal entity meeting these criteria may apply for a stabilization certificate to the state administrative body in charge of investment affairs, namely the Ministry of Economy and Development.

Free Zone

A “Free Zone” refers to a designated area within the territory of Mongolia that is considered outside the customs territory for customs duties and other taxes, adopting special regulatory treatments for business activities.

The establishment of a Free Zone aims to promote economic growth by accelerating regional development, facilitating trade, introducing new technologies, enhancing transits and logistics, developing new industries such as trade, services, and tourism, attracting investments, promoting exports and imports by individuals and business entities, and developing export-oriented production upon the creation of favorable regulatory and investment environments in the region.

Currently, four free zones have been established in Mongolia:

1. *Tsagaannuur Free Zone*: Located on 708.4 hectares within the territory of Nogoonuur soum, Bayan-Olgii Province.
2. *Altanbulag Free Zone*: located on 500 hectares in Altanbulag soum, Selenge Province.
3. *Zamiin-Uud Free Zone*: located on 900 hectares in Dornogovi Province, developed in connection with the Zamiin-Uud border port.
4. *Khushig Valley Economic Free Zone*: located on 1,000 hectares in Sergelen soum, Tov Province, based around the new “Chinggis Khaan” International Airport.

Among these, the Tsagaannuur, Altanbulag, and Zamyn-Uud Free Zones are currently in active operation. The Khushig Valley Economic Free Zone has not yet commenced operations; however, it represents a strategically significant project aimed at promoting trade, industrial production, transport and logistics, tourism, and internationally competitive micro, small, and medium-sized enterprises (MSMEs), while contributing to the development of a diversified economic structure less dependent on the mining sector.

Special Regimes Applicable within Free Zones:

- In the free zone, various activities such as production, services, tourism, trade, international banking, finance, payment, and gambling can be conducted in accordance with the requirements set by the laws of Mongolia.
- Payments can be made in both national and foreign currencies in the Free Zone.

1. Special customs Treatments in Free Zones

The customs clearance process requires the submission of the following documents:

- a) For goods entering a Free Zone from overseas: cargo manifest, waybill, and if necessary, relevant permits;
- b) Receipt of payment of taxes on goods entering the Free Zone from the territory of Mongolia.

In addition to the passenger's personal items, a simplified customs clearance procedure applies to goods up to a total value of 3.0 million MNT purchased by a visitor entering the customs territory from a Free Zone. Non-tariff restrictions do not apply to goods imported from overseas into a Free Zone or exported from a Free Zone to a foreign country.

2. Regulation of Registration of Legal Entity in Free Zones

A legal entity engaged in economic activities in a Free Zone must submit the following documents to the governor's office of the Free Zone:

- a) For Mongolian legal entities: an application, a copy of the State Registration certificate, and the registration fee payment receipt;
- b) For foreign legal entities: an application, a copy of the incorporation document, a power of attorney, and the registration fee payment receipt.

The Governor's Office of a Free Zone shall review and process the application materials within **5 business days**. If the applicant meets the relevant requirements, they will be registered in the Free Zone's registry of legal entities and provided with a certificate valid only in the given Free Zone.

If a legal entity or an individual in a Free Zone employs a foreign national who is engaged in income generating works or service, it shall be exempt from the payment of employment fees. If a legal entity operating in a Free Zone implements a project or program to develop skills and capabilities of its employees, the cost shall be deducted from the taxable income of the given year.

3. Tax exemptions and discounts in Free Zones

- a) Goods imported from overseas into a Free Zone are exempt from the levy of import tax, customs duties, VAT, and excise tax;
- b) No tax is imposed on goods entering a Free Zone previously imported into the customs territory upon payment of customs excise duties and VAT. Deductions are made from other taxes on the basis of payment receipts for taxes paid in the customs territory;
- c) VAT is charged at a "0" rate when Mongolian goods are brought into a Free Zone from the customs territory;
- d) In addition to the passenger's personal items, goods purchased by a visitor not exceeding a total value of MNT 3.0 million are exempt from customs duties and VAT when entering the customs territory from a Free Zone;
- e) Goods other than those specified above are subject to duties and other taxes under applicable laws when entering the customs territory from a Free Zone;
- f) No tax is imposed on goods exported from a Free Zone to overseas;
- g) No VAT is imposed on goods manufactured, sold, or services rendered in the territory of a Free zone by a citizen or legal entity registered in a Free Zone;
- h) In addition to the passenger's personal items, goods purchased by a passenger, goods worth up to MNT 3.0 million, do not include goods subject to excise duties, medicines, medical devices, and biologically active products;
- i) Facilities constructed and registered in a Free Zone are fully exempt from immovable property tax.

The list of goods purchased by the passengers that are exempted from customs and value-added tax when entering the customs territory from a Free Zone, with a value of up to MNT 3.0 million, has been adopted by the Government Decree No.105, which includes a total of 546 types of goods.

4. Land fee exemption and discount

- a) Business entities engaged in trade, tourism, or hotel/hospitality services are fully exempt from land fees in terms of land used in a Free Zone during the first five years of operation and receive a 50 percent discount during the subsequent three years.
- b) Business entities and their branches engaged in infrastructure and production in a Free Zone, including energy and thermal sources, engineering networks, pure water supply, sewage and sanitary systems, roads, railways, airports, and communication networks, are fully exempt from land fees for the first ten years of operation.
- c) Mongolian or foreign nationals or legal entities who conclude a land use or land possession agreement in a Free Zone may be exempt from the land fees for a certain period in consideration of their effective land use and protection obligations.

Innovation in Mongolia

1. Priority industries of innovation

In setting priority industries of innovation, Mongolia focuses on directing scientific and technological achievements to accelerate economic growth, produce and export high-tech and competitive products, initiate highly efficient service types and forms, optimize the allocation of innovation capacity and resources, and increase the effectiveness of government support. The priority areas of innovation activities are determined every five years in alignment with Mongolia's national development policies. The "Priority Areas for Innovation Activities (2020–2025)", approved by the Government of Mongolia in 2020, include the following sectors:

- a) Information technology (development and security of Artificial Intelligence and Big Data, etc.);
- b) Material technology (skin processing, heat materials, and new fuel materials, etc.);
- c) Biotechnology/Production technology (manufacture of foods, medications, and vaccines made from agricultural and natural raw materials using biotechnological methods);
- d) Renewable energy technologies (accumulation of energy, energy-efficient advanced building technology);
- e) Cultural innovation and creative production with national characteristics (development of content and cultural services based on digital technology, government and business products and services based on smart technology).

The above-mentioned priority areas will be updated in 2026. Measures to be implemented within these priority sectors are incorporated annually into the State Guidelines for Economic and Social Development, enabling the required funding to be financed through the state budget and other available sources.

Innovation projects financed by the State are selected in accordance with procedures approved by the Government and must comply with the requirements prescribed by law. Such projects may be funded through the following mechanisms:

- a) Repayable financing;

- b) Non-repayable funding (grants-in-aid);
- c) Innovation grants

2. Innovation system in Mongolia

According to the Law on Innovation, the government supports innovation activity in the following measures:

- a) Financing a specific percentage of the loan interest for the implementation of the innovation project;
- b) Financing the costs of patenting innovative products at local and foreign institutions;
- c) Allowing immediate depreciation of the property for startup companies engaged in innovation activities;
- d) Regulating provision of services to companies conducting innovation activities through state-owned research institutes' laboratory equipment on preferential terms approved by the Government;
- e) Financing the remainder of the total project cost, with 60% or more financed by own funds, by innovative financing organizations, and the local budget;
- f) Supporting participation in international exhibitions and exhibitions of high-tech innovative products;
- g) Financing of all or part of the costs of international quality assurance of export-oriented innovation products;
- h) Supporting domestic procurement of innovative products through Government procurement;
- i) Organizing and financing exhibitions, conferences, seminars, and events to promote public awareness and culture of innovation;
- j) Providing monetary incentives to patent holders who have engaged in innovation and have established a product or service of a high social and economic value;
- k) Awarding national innovation awards for innovative products and services that have made significant contributions to social and economic development.

3. Tax exemption on Innovative Goods, Works, and Services

Under the Law on the Exemption from customs duty and value-added tax, (1) import of equipment necessary for manufacturing innovative products is exempt from customs duty and value-added tax; (2) income from sales of new innovative products, works, and services domestically is exempt from value-added tax.

These exemptions apply to start-up companies specified in the Law on Innovation¹³ for five years from the state registration. Additionally, non-domestic raw materials and reagents necessary for the manufacture of innovative goods in domestic and foreign markets under Innovation projects are exempt from value-added tax according to the Law on VAT.

III. ESTABLISHMENT AND REGISTRATION OF LEGAL ENTITIES

Despite the wide range of legal forms commercial entities provided by Mongolian legislation, such as limited liability company or LLC, joint-stock company or JSC, and joint venture, private businessmen and foreign investors mostly prefer to establish foreign-invested LLCs in practice. Representative offices of foreign legal entities are also common.

¹³ <https://legalinfo.mn/mn/detail/8668>

Limited Liability Company (LLC) with Foreign Investment

Description. According to the law, a foreign-invested company is defined as “a business entity with an overall equity of **US\$100,000** or more (or MNT equivalent), where not less than **25%** must be owned by one or more foreign investors.”

- If two or more investors are planning to incorporate a foreign-invested LLC in Mongolia, each investor must invest US\$100,000 or the MNT equivalent.

Liability. An LLC is the most frequently used form of a legal entity established by one or more individuals or legal entities (founders or investors) who are not liable for its obligations but bear the risk of losses related to the company’s activities to the extent of their personal contributions (participatory interests). The company’s liability is limited to its assets.

Structure. The supreme body of a limited liability company shall be the Meeting of Shareholders (MoS), which has exclusive powers regarding business, finance, management, and company structure. The Board of Directors (the BoD) is the governing body of the company between shareholders’ meetings. While an LLC is not required to have a BoD, if decided, it must be stipulated in the company’s charter.

The day-to-day management of the company is performed by the Executive Management (an individual or a team) who are elected at the MoS. The powers of the director or management team are clearly defined under the company’s charter.

A Representative Office

Representative offices of foreign legal entities are not considered legal entities themselves. Instead, they operate as subdivisions of their parent companies. Unlike a legal entity, a representative office is not permitted to engage in business activities that generate income in Mongolia.

Operational guidelines for representative offices are outlined in their Charter, and they are managed by an individual authorized by the parent company through a power of attorney. Representative offices are established in a manner similar to legal entities.

The state registration certificate for a representative office is typically granted for a period of 1 to 2 years. Before the expiry date, the representative office must apply for an extension of the state registration certificate term.

Permanent establishment

In practice, there are instances where a foreign business entity operates in the territory of Mongolia under a contract to perform work or provide services without establishing a legal entity in the country. However, depending on the nature and duration of work performed, there may be an obligation to register a “Permanent establishment” with the respective Taxation Authority of Mongolia.

As defined in the Law of Mongolia on Corporate Income Tax¹⁴, the Permanent establishment includes the following units and activities:

1. A place of management;
2. Branches and departments;
3. Units responsible for training, seminars, and exhibitions;

¹⁴ <https://legalinfo.mn/mn/detail?lawId=14407>

4. Units responsible for warehousing, sale and services;
5. Mines, oil or gas wells, exploration sites, or places where minerals are extracted;
6. Factories;
7. Units involved in construction sites, buildings, assembly and installation facilities, and other related construction and supervisory works for a period exceeding 90 days within 12 consecutive months;
8. Units providing technical, consulting, management, supervisory, and other services to taxpayers residing in Mongolia for a period exceeding 183 days within a consecutive 12-month period.

Furthermore, units conducting the following activities on behalf of a non-resident taxpayer in Mongolia are also considered as a permanent establishment:

1. Storage, sale, and supply of goods and products;
2. Concluding contracts in person or arranging contracts on behalf of a non-resident taxpayer without altering the main conditions of the contracts. This contract includes one of the following features:
 - a) Being established in the name of a non-resident taxpayer;
 - b) Transferring an asset owned, used, or possessed by a non-resident taxpayer to others, or transferring the right to use and possess such an asset to others;
 - c) Providing services offered by a taxpayer not residing in Mongolia.

The term “Representative Office” used in the international agreement for the avoidance of double taxation and the prevention of fiscal evasion, ratified by the State Great Khural, is considered equivalent to “Permanent establishment”.

A non-resident taxpayer earning income generated from Mongolia is deemed to have a permanent establishment in Mongolia upon the date of the commencement of the activity or conclusion of the contract, whichever occurs earlier.

Joint-Stock Company (JSC)

A JSC is a legal entity that issues shares in order to raise capital for its activities. JSCs can be classified as open or closed. A joint stock company (JSC) may be established as either a public or a closed company.

Table 3. Types of Joint Stock Companies

| Public joint stock company (JSC) | Closed joint stock company (JSC) |
|---|--|
| <ul style="list-style-type: none"> ○ A company in which the capital contributed by shareholders is divided into shares, and such shares are registered with a securities trading organization and are freely tradable to the public. ○ May have an unlimited number of shareholders | <ul style="list-style-type: none"> ○ A company in which the capital contributed by shareholders is divided into shares, and such shares are registered with a securities depository institution and are traded within a closed market outside a securities trading organization |

Unless otherwise provided by law, a shareholder of a joint stock company shall have the following rights and obligations:

- To freely dispose of and transfer the shares owned by such shareholder without requiring the consent of other shareholders.
- Where shares are transferred by means other than through a securities trading organization, the shareholder shall be obligated to register such transfer with the entity responsible for maintaining the shareholders' register.
- Shareholders may, by mutual agreement, enter into a contract restricting the exercise of their rights to dispose of their shares.
- Shareholders shall not be liable for the obligations of the joint stock company; however, they bear the risk of loss only to the extent of the value of their shares. The joint stock company possesses assets separate from those of its shareholders and shall not be liable for the obligations of its shareholders.

Structure of a Joint Stock Company:

A joint stock company shall have the following governing bodies: the Shareholders' Meeting, the Board of Directors, and the Executive Management (which may be either sole or collective).

The Shareholders' Meeting is the supreme governing body of the joint stock company and decides on fundamental matters of the company, including, inter alia, management and administration, business policy, corporate structure, financial matters, elections, and certain other key issues.

The Board of Directors performs the management functions of the joint stock company in relation to major corporate matters, including the formulation and implementation of financial and policy decisions, except for those matters reserved by law or by the company's Charter as exclusive powers of the Shareholders' Meeting.

The Executive Management is responsible for the company's day-to-day operations and may be exercised either by an individual executive or collectively by a management team. The Executive Management has the authority to make decisions on matters related to the company's operations that are not expressly assigned by the legislation of Mongolia or the company's Charter to other corporate bodies or officials.

STATE REGISTRATION

The registration process for a new foreign-invested company in Mongolia involves three key agencies:

1. Legal Entities Registration Office (LERO);
2. District Tax Office; and
3. District Social Insurance Office.

Registration of a company

Below are the steps to establish an LLC or JSC in Mongolia, following relevant laws and regulations.

Table 4. Steps for Company Registration

| | | |
|-----------|----------------------------------|---|
| 1. | Company name verification | A company shall have a designated name, and in every instance where the name is used, it must be accompanied by an identifier indicating the company's legal form, either "JSC" for a Joint Stock |
|-----------|----------------------------------|---|

| | | |
|----|---|--|
| | | <p>Company or “LLC” for a Limited Liability Company.</p> <p>The founder(s) or an authorized representative acting under the Power of Attorney must obtain a unique company name from the State Registration Authority. The State Registration Authority shall approve the name of a legal entity that meets the general requirements set out in Article 27 of the Civil Code and Article 13.3 of the Law on State Registration of Legal Entities. Accordingly, a company’s designated name must:</p> <ul style="list-style-type: none"> - Not be identical or confusingly similar to the name of another legal entity; - Be expressed using Cyrillic script; - Not be prohibited by other applicable laws. <p>A company shall acquire the exclusive right to use its designated name upon registration with the competent registration authority. Once an LLC obtains its name, the founders must establish the company within 30 days. Failure to do so will result in the expiration of the verification sheet for the company name within 30 days.</p> |
| 2. | <p>Setting up a temporary account for the company</p> | <p>Upon obtaining a company name, the founder must complete the necessary forms to open a current temporary account(s) for the new company with any commercial bank in Mongolia. This temporary current account is required to deposit the paid capital of US\$100,000 or the equivalent in MNT for a foreign-invested company. Once the company is incorporated, the deposited amount can be withdrawn with the assistance of the founder, appointed Executive Director, or any other representative, who is the first signatory.</p> |
| 3. | <p>Development of the documents required for the establishment</p> | <p>In accordance with the Law on State Registration of a Legal Entity, the founder(s) of the foreign-invested limited liability company must prepare the following documents:</p> <ol style="list-style-type: none"> 1) Application form (UB-03 form); 2) Verification sheet for the company name; 3) Formal decision for the establishment of a foreign-invested company, accompanied by an official Mongolian translation; <ul style="list-style-type: none"> - Should the decision to institute a BoD be reached, its members must be elected. 4) Company Charter <i>/One copy in a foreign language and two copies in Mongolian; where translated into Mongolian, an officially certified translation shall be provided/;</i> 5) A copy of the agreement between shareholders, with an official translation: |

| | | |
|-----------|-----------------------------------|---|
| | | <ul style="list-style-type: none"> - If the company has only one investor, only the charter is required. - If a company has two or more investors, both the charter and shareholders' agreement are required and shall be drafted in Mongolian and any other foreign language chosen by the investor, then printed in 2 copies each, with each copy of the shareholder agreement notarized. <ol style="list-style-type: none"> 6) If the founder is a legal entity, a copy of the company incorporation/registration certificate, charter, and a brief company profile; 7) Bank remittance receipt for the start-up investment threshold, which is US\$100,000 for each foreign investor; 8) A copy of the office lease agreement and real estate ownership certificate to confirm the company's address; 9) A copy of the Executive Director's passport and "F" register information issued by the Department of Citizenship of Foreign Citizens; 10) Receipt for establishment of a foreign-invested LLC, which is 750,000 MNT (approximately US\$221); 11) UB-12 form for the registration of Ultimate Beneficial Owner (UBO); <ul style="list-style-type: none"> - UBO-related documents include a copy of the state registration certificate and articles of association (company charter) or similar document of all affiliate companies for determining the individual who owns 33% or more of shares of all holding companies of the Mongolian subsidiary, along with a passport copy of the UBO. If there is no UBO in the head company, then all confirmation documents of the absence of a UBO should be provided. 12) Power of attorney (if applicable). |
| 4. | State Registration | Following the submission of the above documents, the LERO will register a foreign-invested limited liability company within 5 business days. |
| 5. | Obtaining the company seal | To obtain a company seal, a foreign-invested company must present an original copy of the company's state registration certificate. This marks the final step of the company incorporation process. |
| 6. | Bank account opening | Bank accounts can be opened at any commercial bank in Mongolia. Required documents include: <ol style="list-style-type: none"> 1) State registration certificate (original or notarized copy); |

| | | |
|----|---|---|
| | | <ol style="list-style-type: none"> 2) Company Charter and founder's resolution (both in original or notarized copy); 3) ID or passport of shareholders (original or notarized copy); 4) ID or passport of the Executive Director, as well as the 1st and 2nd signatories (original or notarized copy); 5) Formal request to open an account for Mongolian Central Securities Depository and Bank (applicable for a joint stock company); 6) 2 copies of the decision granting permission to possess the account by the Shareholders' meeting (or shareholder) or Board of Directors; and 7) UBO-related documents, including a copy of the state registration certificate and articles of association or other similar documents of all affiliate companies, to determine individuals owning 33% or more of shares of all holding companies of the Mongolian subsidiary. <p>Currently, registration with other government agencies occurs separately. Registration for a foreign-invested company initially begins with the State Registration Authority.</p> |
| 7. | <p>Taxpayer Registration</p> | <p>Upon company registration, its representative must register with the respective tax department within 14 days, submitting the following documents as required by relevant laws and regulations:</p> <ol style="list-style-type: none"> 1) Application form; 2) A copy of the state registration certificate; 3) An original and a copy of the Charter; 4) Founder's application form and copy of passport; 5) Bank statement of the company; 6) Executive's passport copy and "F" register information issued by the Department of Citizenship of Foreign Citizens; 7) Lease agreement. |

For JSCs, obtaining a permit from the Financial Regulatory Commission, a government agency, and registration at the Stock Exchange of Mongolia is required. However, the registration officer of the LERO may request additional documents based on the type of activity, etc. It is not a common practice for JSCs to be formed with a foreign company in Mongolia.

Registration of a Representative office:

Pursuant to the Law on State Registration of a Legal Entity, the parent company or individual(s) must prepare the following documents:

- 1) Application form;

- 2) Decision of the parent company to establish the representative office and appointment of the Director with a certified Mongolian translation;
- 3) Relevant permission where the parent company is required to obtain permission from the authorized organization to establish a representative office in a foreign country, with its certified Mongolian translation;
- 4) Passport copy of the representative office Director;
- 5) Copies of the Parent company profile and charter with certified Mongolian translation;
- 6) Copy of the state registration certificate of the parent company with certified Mongolian translation;
- 7) Charter of the representative office (2 copies in Mongolian, 1 copy in any other chosen language);
- 8) Payment receipt of the state stamp duty of 1,100,000 MNT (approximately US\$323.66);
- 9) Lease agreement and a copy of the immovable property ownership certificate;
- 10) Power of Attorney (if applicable).

The authorized representative of the representative office can order the seal based on the state registration certificate of the representative office and open bank accounts with a commercial bank.

Registration of a Permanent establishment

The Permanent Establishment must submit the following documents and apply for registration as a taxpayer to the Tax Office electronically or in paper, 10 business days prior to commencement of its activities:

- a) Taxpayer registration request form;
- b) Decision on the establishment of a permanent establishment of a foreign legal entity in Mongolia, detailing the type of activities, its duration, the name of the head, and the number of employees, among other details;
- c) Taxpayer's certificate proving registration as a taxpayer in a foreign country;
- d) Documents proving the parent company's registration as a legal entity (copy) and the company's charter (copy);
- e) A copy of the contract concluded with an individual from Mongolia, demonstrating the earning of income generated from Mongolia;
- f) Proof of address and location of the Permanent Establishment;
- g) Decision and power of attorney appointing a representative to manage the Permanent Establishment;
- h) Copies of resumes and documents of the head of the Permanent Establishment.
 - If the head is a citizen of Mongolia, a copy of the identity card;
 - If the head is foreign, a copy of the temporary identity card of a foreigner or stateless person registered at the Department of Citizenship Affairs, and a copy of the foreign passport;
- i) Initial Financial Statement of the Permanent Establishment.

As the Permanent Establishment is registered solely for tax purposes, it is not registered with the LERO.

Ultimate Beneficial Owner (UBO)

According to the Amendments to the Law on State Registration of Legal Entities dated March 22, 2019, all companies registered in Mongolia are required to register their UBO. The UBO refers to the following individuals:

- a) For a legal entity, an individual who holds a significant or controlling ownership interest solely or jointly with others, or occupies a management position within the legal entity, or is represented by others, or ultimately benefits and profits by controlling the legal entity and its operations;
- b) For an individual, an individual who benefits from and profits by controlling the actions and activities of, or by being represented by, that individual;
- c) For an asset management transaction, an individual who benefits from and profits by exercising ultimate effective control over the asset management transaction.

Ownership of assets in the company, either individually or jointly with others, must be 33 percent or more. For companies with continuous ownership, copies of the State Registration Certificate and articles of association of all companies holding 33% or more ownership are required.

IV. PERMITS

What legislation governs permits and licensing in Mongolia?

In Mongolia's business environment, the legal framework governing the issuance of permits and licenses is based on the fundamental principles guaranteed by the Constitution and is regulated by the Law on Permits¹⁵, together with sector-specific legislation.

The Law on Permits serves as a framework law regulating the general legal relations associated with the authorization of certain activities that may pose risks to national security, financial stability, public interests, public health, or the environment, as well as activities involving the limited use of natural resources and state or public property.

Specifically, the law governs the procedures and legal relations concerning the issuance, renewal, suspension, reinstatement, and revocation of permits, along with the registration and supervision of permits, and the establishment of the classification and official list of permit types.

In addition to the framework legislation, each sector of business activity is regulated in detail by specialized laws. These laws specify the types of activities requiring permits, the competent issuing authority, and the requirements that must be satisfied in order to obtain such permits. For example:

- *Banking sector*: Legal relations concerning the establishment of banks and the licensing of banking operations are governed by the Law on Banking.
- *Mining sector*: Legal relations relating to the holding of exploration and mining licenses are specifically regulated by the Law on Minerals.

¹⁵ <https://legalinfo.mn/mn/detail?lawId=16530780109311>

Types of Permits

Under the Law on Permits, permits are classified as “**ordinary permits**” and “**special permits**”, depending on their purpose, issuance conditions, operational characteristics, and level of risk, as follows:

Table 5. Types of Permits

| Types of Permits | Operational Characteristics | Example | Validity Period |
|-------------------------|--|--|---|
| Ordinary | Activities of a one-time nature, activities constituting an ancillary component of operations conducted under a special permit, or activities involving the use of natural resources for household purposes, which are considered to carry a relatively low level of risk. | Excavation of state-owned roads or the creation of access entrances and exits for the purpose of constructing buildings or structures; Limited use of state-owned property for non-commercial, personal purposes, among others. | Unless otherwise provided by law, an ordinary permit shall be issued for a period of not less than three years . |
| Special | Activities that may pose a high level of risk to national security, public interests, human health, the environment, or financial stability, or activities that require special professional qualifications or conditions. | Mining, banking and finance, media, and telecommunications activities; Operations of professional participants in the insurance sector; Activities related to nuclear energy and radioactive minerals, among others. | Unless otherwise provided by law, a special permit shall be issued for a period of not less than five years . |

Stages for Obtaining a Permit

Although the process for obtaining a permit in Mongolia varies depending on the type of activity and sector concerned, it may generally be divided into the following five stages:

- 1. Preparatory Stage:** Conducting Research and Determining the Type of Permit
At this stage, the business operator must identify the type of permit required for the intended business activity through preliminary research and legal assessment.
- 2. Application Stage:** Preparation and Submission of Required Documentation
The applicant shall submit an application for a permit, together with the required supporting documents, to the competent authority.

The application must clearly specify the classification of the permit, as well as the purpose and legal grounds for the relevant activity, including, where applicable, the intended limited use of natural resources or state and public property. The following documents shall be attached to the application:

- Documents evidencing compliance with the general legal requirements and conditions applicable to the permit;
- Documents evidencing compliance with any specific requirements and conditions expressly prescribed by law.

General requirements

- To possess full legal capacity;
- If required by law, to have passed the professional and qualification examination and obtained an appropriate certificate;
- To have registered as a taxpayer.

Specific conditions and requirements may be mandated by sector-specific laws and regulations. Applicants must submit documents demonstrating compliance with such requirements.

The permit is issued to a company registered in Mongolia. In other words, the company will be entitled to apply for permits after it is duly registered. The list of required supporting documents varies depending on the type of permit and the relevant sector to which it applies.

3. Review and Decision-Making Stage

The competent authority shall review the submitted application and supporting documentation to verify whether the applicant satisfies the conditions and requirements prescribed by applicable laws and regulations.

Within two working days from receipt of the permit application, if the documentation is deemed complete, the competent authority shall initiate the verification process. Such verification shall be completed within 10 working days for a special permit and within 5 working days for an ordinary permit. Following completion of the verification process, a decision on whether to grant the permit shall be issued within five working days.

Where necessary, the competent authority may request additional information or clarification, conduct on-site inspections, carry out examinations, or obtain expert opinions. Based on the results of the review and verification, the authority shall make a final decision regarding the issuance of the permit.

4. Issuance of the Permit

Where a decision to grant a permit is made, a **permit certificate** shall be issued and registered in the state registration system. In certain cases, an agreement may be concluded between the permit holder and the competent authority governing the terms and conditions of the permitted activity.

5. Post-Permit Stage: Renewal and Supervision

Permits are granted for a fixed period, and the permit holder must submit an application for renewal prior to the expiration date. Depending on the type of activity, special permits are typically issued for a period ranging from 5 to 20 years. Renewal applications must be submitted before the permit expires.

The competent authority exercises ongoing supervision to ensure that the permit holder's activities comply with applicable laws, regulations, and prescribed conditions. In the event of violations, the authority may impose measures, including suspension or revocation of the permit.

In recent years, efforts have been undertaken to simplify and digitalize the permitting process. Certain types of permit applications may now be submitted electronically through platforms such as E-Business and similar online systems.

V. EMPLOYMENT

Key Laws Governing Labour Relations in Mongolia:

- Labour Law¹⁶: The primary legislation governing general labour relations includes the fundamental principles of employment, the rights and obligations of the parties, employment contracts, wages and remuneration, working and rest hours, and labour dispute resolution.
- Law on Labour Migration¹⁷: Regulates in detail legal relations concerning Mongolian citizens working abroad, as well as foreign citizens and stateless persons engaging in employment in Mongolia.
- Law on the Legal Status of Foreign Nationals¹⁸: Governs general matters relating to foreign nationals residing in Mongolia, including residence permits, registration, and visa issuance.
- Law on Occupational Safety and Health¹⁹: Regulates legal relations related to ensuring safe and healthy working conditions in the workplace.
- General Law on Social Insurance²⁰: Governs legal relations arising between employees and employers in connection with social insurance obligations.

Restrictions on the Employment of Foreign Nationals

In Mongolia, the employment of foreign nationals is subject to certain legal limitations aimed at protecting the domestic labour market and supporting the national workforce.

Workforce Quota (Numerical Limitation):

The Government of Mongolia shall issue and approve a resolution by October 1st each year, establishing the permitted number and proportion of foreign employees by each sector of economic activity. In determining these figures and proportions, the Government shall take into account the national development policy, the opinions of the central administrative body responsible for planning and development, the National Employment Council, as well as the supply and demand conditions of the labor market. In previous years, the proportion of foreign employees varied depending on the total number of employees and the sector in which a company operated. However, starting from 2024, the Government lifted restrictions on the number of foreign workers in most sectors. As of 2025, numerical limitations have been maintained in only two sectors. The table below presents a comparison of the number of foreign workers permitted to be employed in Mongolia under Government resolutions for the years 2024 to 2026:

¹⁶ <https://legalinfo.mn/mn/detail?lawId=16230709635751>

¹⁷ <https://legalinfo.mn/mn/detail?lawId=16390388880621>

¹⁸ <https://legalinfo.mn/mn/detail/211>

¹⁹ <https://legalinfo.mn/mn/detail?lawId=564>

²⁰ <https://legalinfo.mn/mn/detail?lawId=16760148379551>

Table 6. Numerical Ratio of Foreign Employees

| No | Definition | <i>The total number of employees in 2024</i> | <i>The total number of employees in 2025</i> | <i>The total number of employees in 2026</i> |
|-----------|--|--|--|--|
| 1. | Agriculture, Forestry, Fishing, Hunting | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 2. | Mining | 11500 | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 3. | Processing factory | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 4. | Electricity, gas, steam, and ventilation | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 5. | Water supply, drainage systems, waste disposal, and environmental restoration activities | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 6. | Construction | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 7. | Wholesale and retail trade, repair and service of cars and motorcycles | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 8. | Transportation and warehousing | There shall be no limitation on | There shall be no limitation on the | There shall be no limitation on the |

| | operations | the number of foreign employees. | number of foreign employees. | number of foreign employees. |
|----|---|--|--|--|
| 9. | Hotels, apartments, houses, and catering services | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 10 | Communication | 310 | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 11 | Financial and insurance activities | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 12 | Real estate activity | 70 | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 13 | Professional, scientific, and technical activities | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 14 | Administrative and support activities | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 15 | Public administration, defense activities, and compulsory social security | 110 | 110 | 130 |
| 16 | Education | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 17 | Human health and | There shall be | There shall be no | There shall be no |

| | | | | |
|----|--|--|--|--|
| | social welfare activities | no limitation on the number of foreign employees. | limitation on the number of foreign employees. | limitation on the number of foreign employees. |
| 18 | Arts, entertainment, and festivals | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 19 | Other service activities | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 20 | Household activities that employ people, as well as products and services produced for the household's own use that cannot be identified by type | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. | There shall be no limitation on the number of foreign employees. |
| 21 | Activities of international organizations and resident representatives | 450 | 600 | 600 |

In order to hire a foreign employee, the employer must obtain **(1) a permit to invite a foreign employee, (2) a preliminary employment permit or invitation, (3) a visa, (4) a work permit, and (5) a residence permit.** To do so, follow the procedure outlined below.

1. Seeking employees from Mongolia

Initially, the employer must seek the necessary employees within the labor market of Mongolia. For this purpose, information about the necessary vacancies and job requirements should be submitted to the employment agency of the respective province and district, and a request to hire an employee should be made. Afterward, job advertisements will be posted in the employment register and database, and employees will be sought in Mongolia within 14 business days. It is notable to avoid exaggerating the qualifications and skills required to perform the job, as well as refusing to hire a qualified candidate from Mongolia who meets the job requirements.

2. Permission to invite a foreign employee

If it is unable to hire an employee from Mongolia within 14 business days as required above, the employer has the right to request an invitation or permit to hire a foreign employee. To do so, the following documents must be submitted to the State Administrative Body responsible

for labor matters:

- a) A work plan detailing the classifications, types, lists, locations, and durations of workplaces to employ foreign employees.
- b) The state registration certificate and the necessary permits if the work or service requires a license.
- c) A document verifying the professional skills and qualifications of the foreign employee (certified by a competent authority recognized by the concerned country).
- d) Evidence of placing a job advertisement in employment registers and databases, as well as proof of active efforts to search for employees.
- e) The receipt of service fee payment.
- f) Proof of payment of social insurance premiums.
- g) Other requirements specified in the relevant legislation.

The permit to invite a foreign employee shall be granted for a period of 3 (three) months and may, upon the existence of valid grounds, be extended once for up to 3 additional months.

3. A preliminary employment permit or invitation

The hired expatriate who is going to work at the mine site (C3), construction field (C1), the expatriate employee shall obtain an employment visa. Otherwise, other types of visa, such as K1 or business visa is not allowed to work in Mongolia. Prior to arrival, the hiring Company shall obtain an employment invitation for an expatriate employee. Based upon employment invitation, the hiring company shall obtain an entry visa permission from the immigration authority.

For getting an employment invitation, the following documents are required:

- a) Application form;
- b) Receipt of payment service fee (30 000 MNT or app 8.5 USD/ 1 person);
- c) Copy of State registration certificate;
- d) Copy of License with attachment;
- e) Copies of the Government resolution if the entity has exempted from the ratio by the Government resolution;
- f) Social Insurance: SI-7 and SI-8 forms during the last month of the social insurance period to confirm the number of employees who have paid social insurance in the entity.
- g) Statement from Ministries and Agencies regarding the employment of economic entities (applicable only to the field of education).
- h) An employment agreement with a foreign legal entity, with its Mongolian translation;
- i) Copy of a foreign citizen's passport;
- j) A copy of a professional diploma and diploma certificates demonstrating proficiency in the field of employment;
- k) Other documents, if required.

4. Obtaining a visa

Mongolia has 10 types or classifications of visas in general, including "D", "A", "B", "C", "E",

“F”, “G”, “H”, “J”, and “K” which are classified into sub-classifications such as D-1, B1, B1-1, C1, C1-1, and so on. The type of visa shall be indicated on the visa slip using Latin letters, in accordance with the purpose of the foreign citizen or a stateless person.

Type “B” visa shall apply to:

- a) A foreign investor (B1) and their related individuals (B1-1);
- b) A representative or a senior manager of a foreign-invested company (B2), and their related individuals (B2-1);
- c) A head of a representative office of a foreign legal entity (B3) and related individuals (B3-1).
- d) The Type “K1” visa applies to foreign citizens visiting Mongolia temporarily for business purposes.
- e) The Type “C” visa is for foreign citizens who intend to work in Mongolia under an employment agreement.

Visas shall be issued by the following authorities:

- a) Ministry of Foreign Affairs;
- b) Mongolia Immigration Agency;
- c) Mongolian Embassies and Consulates in foreign countries.

For business visas for 30 days or less, the following is required:

- a) Passport with a validity date of at least six months beyond the end of the applicant’s intended period of stay in Mongolia;
- b) Completed visa Application Form for non-tourists with one passport-size photo;
- c) Invitation from the inviting Mongolian organization, which should be approved by the Ministry of Foreign Affairs of Mongolia.

For foreigners planning to stay more than 30 days and up to 90 days and wishing to receive a visa on arrival, permission should be obtained from the Mongolian Immigration Agency. Citizens, business entities, and organizations that provide accommodation to foreigners shall register them with the state administrative body responsible for foreign affairs within 48 hours. Registration can be completed electronically.

Required Documents:

- a) Registration request from an inviting organization or individual. In cases where there is no inviting organization or individual, the foreign national should submit their own request for registration.
- b) Passport or an equivalent document and additional copies.
- c) One copy of a passport-size photo (3x4 cm);
- d) Completed registration form.

5. Obtaining a work permit for a foreign worker

After the arrival of the hired expatriate in Mongolia, the employee must obtain a work permit in order to get a multi-C or employment visa (depending on the industrial sector, the “C” visa is sub-classified).

Work permits for foreign employees must be obtained within 10 business days from the date

of entering the Mongolian border. Prior to obtaining this permit, the foreign employee must undergo a medical examination and obtain a medical certificate. Furthermore, any enterprise, organization, or individual operating within the territory of Mongolia that employs foreign nationals and provides them with income-generating employment or services is required to pay a statutory employment fee as prescribed by law.

The monthly employment fee imposed for each foreign employee shall be equal to twice the monthly minimum wage. As of 2025, the minimum monthly wage in Mongolia is MNT 792,000; therefore, the monthly employment fee payable per foreign employee amounts to MNT 1,584,000 (approximately USD 444).

In the case of a legal entity holding a mining exploitation license, where foreign nationals constitute more than 10% of the total workforce, the employer shall pay a monthly fee for each foreign employee equivalent to ten times the minimum monthly wage per position.

This payment must be made before obtaining a work permit for a period of 6 months to one year. The following documents are required to obtain the work permit:

- a) Application form;
- b) Receipt of payment for service fee (MNT 30,000 per person);
- c) Receipt of payment for the workplace payment;
- d) Copy of state registration certificate;
- e) Copy of special permit certificate and its appendices;
- f) Copy of the relevant Government Decree, if exemption from the quota is applicable;
- g) Passport copy, including the stamped page;
- h) Medical certificate for medical examination.

6. Residence permission

Foreigners coming to Mongolia for private purposes, such as work or investment, should obtain a residence permit. The following documents are necessary for obtaining permission

- a) Official letter from an inviting citizen, business entity, or organization requesting the residence permission;
- b) Reference on residential address from a Governor of Soum or Khoroo;
- c) Passport copy;
- d) In the case of a related person, the required documents include a marriage, birth, or adoption certificate, evidence of cohabitation, or their apostilled copies, along with their certified translation;
- e) Application form;
- f) One copy of a photo (3.5x4.5 cm);
- g) Other additional documents may be required, depending on the type of residence permit.

Foreign citizens who hold valid foreign passports or equivalent legal documents may visit or reside in Mongolia upon obtaining the required visa from a competent authority of Mongolia.

A request to obtain residence permission must be filed within 21 days after entry to Mongolia.

VI. TAXATION

What legislation governs taxation in Mongolia?

The tax legislation of Mongolia consists of the following principal laws:

General Tax Law²¹: Establishes the general framework for the creation, assessment, collection, and inspection of taxes, and defines the rights, obligations, and liabilities of taxpayers and tax authorities, regulating general tax relations.

Tax-Specific Laws: A number of laws regulate specific types of taxes in detail, including:

- a. Law on Corporate Income Tax;
- b. Law on Personal Income Tax;
- c. Law on Value Added Tax (VAT);
- d. Law on Excise Tax;
- e. Law on Customs Tariffs and Customs Duties;
- f. Law on Immovable Property Tax;
- g. Law on City Tax;
- h. Other laws governing fees and charges, including, inter alia, the Law on Minerals Royalties and the Law on Water Resource Usage Fees.

Types of Taxes

Taxes in Mongolia are classified, based on the method of imposition, into direct taxes and indirect taxes.

Table 7. Types of Taxes

| Direct Taxes | Indirect Taxes |
|---|---|
| <p>Taxes imposed directly on the income or property of taxpayers include:</p> <ul style="list-style-type: none"> • Corporate Income Tax • Personal Income Tax • Immovable Property Tax • Motor Vehicle and Self-Propelled Equipment Tax | <p>Taxes incorporated into the price of goods, works, and services and ultimately collected from the final consumer include:</p> <ul style="list-style-type: none"> • Value Added Tax (VAT) • Excise Tax • Customs Duty • Tax on gasoline and diesel fuel |

Direct Taxes: Corporate income taxation (CIT)

Mongolian Corporate Income Taxation is levied at the following rates, using a progressive-rate scale that ranges from 1% and 10% to 25%, as follows:

- a) A 1 percent tax rate shall apply to the taxable income of a taxpayer operating in sectors other than the exploration, extraction, utilization, transportation, or sale of minerals and radioactive minerals; the cultivation of tobacco plants, production or importation of tobacco products; the production of petroleum products; the importation or sale of all types of fuel; and the exploration, extraction, or sale of petroleum, provided that the taxpayer's annual taxable income does not exceed MNT 300 million;
- b) 10% tax rate applies to the first 6 billion MNT of annual taxable income; and

²¹<https://legalinfo.mn/mn/detail/14403>

- c) For any annual taxable income exceeding MNT 6 billion, a 25% tax rate applies on the surplus amount, in addition to a fixed rate of 600 million MNT.

However, certain income types, as listed in the chart below, are deducted when determining the annual taxable income and taxed at different tax rates on a gross basis.

Table 8. Tax Rates

| Source of income | Applicable tax rate (%) |
|--|--------------------------------|
| Dividends | 10% |
| Royalties | 10% |
| Interest | 10% |
| Law on Petroleum of Mongolia; Upon termination of a production sharing agreement by a Government decision, the costs incurred in exploration and exploitation activities will not be reimbursed, and the money deposited in the escrow account will be used to fully rehabilitate the environment and, if necessary, to dismantle exploration and exploitation facilities, and the remaining money to be returned to the contractor. | 10% |
| Insurance reimbursement | 10% |
| Fees and charges evidenced by a payment receipt paid to the State organization in connection with obtaining the right when it is issued by a State authority; | 10% |
| Sale income and transfer of real estate | 2% |
| Income from monetary or prize lotteries | 40% |
| Profits transferred from the representative office to its own head entity in the given tax year; | 20% |
| Income earned in Mongolia by a taxpayer not located in Mongolia, other than a registered representative office, as well as income earned in Mongolia and income from management services (shall be enforced from July 1, 2024). | 20% |
| Income from the sale of bonds, shares, and other securities of government, provincial, metropolitan, and taxpayers located in Mongolia, traded in the primary and secondary markets by a taxpayer not located in Mongolia (shall be enforced from July 1, 2024). | 20% |
| Interest income on loans and debt drawn by commercial and domestic sources of the Commercial Bank of Mongolia | 5% |
| Earned income up to 300 million MNT in the year for operating activities except exploration, mining, transportation, sale of | 1% |

| | |
|---|----|
| minerals and radioactive minerals, production of alcoholic beverages, tobacco plants, and import of tobacco, petroleum products, import of all types of fuel, trade, exploration, extraction, and sale of petroleum. | |
| Income from the sale of intellectual property rights | 5% |
| Income transferred to a legal entity that does not reside in Mongolia with respect to the software license fee and server renting fee to be used for the primary operation of a taxpayer residing in Mongolia that is engaged in primary activities of software development | 5% |

Some of the general deductible other expenses stipulated in the laws include:

1. Normal loss of goods and materials;
2. Health and social insurance contributions;
3. Taxes, payments, and fees reported for payment to the budget other than value-added tax paid to the budget and taxes deducted from the income of other persons;
4. Funds concentrated in the bank and non-banking financial institution's funds against loss on loan repayment; Funds concentrated in the deposit and loan cooperative loan risk fund and in the potential risk protection fund of other cooperatives;
5. A special fund to be included in the annual environmental management plan of a license holder, project implementer or contractor in accordance with the Law on Environmental Impact Assessment, Law on Minerals, Law on Petroleum and Nuclear Energy and opened by the relevant state body and money transferred to the treasury and to the account stated in Article 11.2.9 of the Law on Petroleum²²;
6. In accordance with Article 6 of the Law on Tourism, the expenses for renovating the sanitary facilities of the tourism organization at accommodation points and temporary rest areas along the road to meet standard requirements, as well as the expenses for constructing new sanitary facilities that meet standard requirements, are included.

Corporate income taxation exemption:

- The payment, interest, fine of bond from the Government, Capital and Development Bank of Mongolia;
- Dividend specified in Article 11.1.2 of the Law on the National Wealth Fund²³;
- Revenue allocated from the state budget to the Future Heritage Fund, the Stabilization Fund, and the Development Fund, and income from the investment of such funds;
- Income specified in Articles 18.6.2 and 20.1 of this Tax Law from the sales of petroleum products by a taxpayer operating in the territory of the country under a production sharing agreement in the petroleum sector, and the agreement referred to in Article 5.3 of the Law on Supporting the Oil Refinery Plant²⁴;
- Income from basic activities of a credit guarantee organization specified in the law;

²² <https://legalinfo.mn/mn/detail/10484>

²³ <https://legalinfo.mn/mn/detail?lawId=17140188869101>

²⁴ <https://legalinfo.mn/mn/detail?lawId=16160842241091>

- Fee income from deposit insurance;
- Dividends distributed by the state-owned enterprises to the Government;
- Income transferred abroad from the income earned as specified in the 4th paragraph by the taxpayer;
- Income from activities of health care organizations and educational organizations;
- Income from business activities related to accomplishing the purpose stated in the Charter of a non-profit legal entity;
- Income from service fees collected from members of the Association as specified in the Charter of the Homeowners' Association, and funds accumulated in the Association's fund;
- Cooperative revenue from the intermediary price difference of selling members' products;
- Income from the intermediary of intellectual property rights;
- Interest income from loans secured by intellectual property rights.
- Operating income of an investment fund;
- Income received by a legal entity collecting revenue under Article 4.1.5 of the Law on the National Wealth Fund from the sale or transfer of special licenses for exploration and exploitation of minerals, radioactive minerals, and petroleum, issued to legal entities wholly or partially owned by the state or local government.

Indirect Taxes: Value Added Taxation (VAT)

Value Added Tax (VAT) is an indirect tax imposed on the value added at each stage of the production and sale of goods, works, and services. The final consumer ultimately bears this tax when purchasing goods or services, while business entities are responsible for collecting the tax from consumers and remitting it to the state budget.

In Mongolia, VAT relations are governed by the Law on Value Added Tax. VAT applies to all goods, works, and services that are imported, exported, or supplied within the domestic market of Mongolia.

VAT Rates

The standard VAT rate in Mongolia is 10 percent. Goods, works, and services exported from Mongolia are subject to a zero (0%) VAT rate.

Tax withholder and payer refers to an individual or a legal entity whose sales income and operating income have reached 50 million MNT and above, and who is charged with the task of deducting the tax and remitting it to the budget.

Items subject to VAT taxation:

- a) All types of goods, works, and services sold/provided/rendered in the territory of Mongolia;
- b) All types of goods, works, and services imported to Mongolia from abroad; and
- c) All types of goods, works, and services exported from Mongolia.

Table 9. VAT rates

| | <i>Items taxed</i> | <i>Rate</i> |
|---|---|-------------|
| 1 | All types of goods, works, and services are sold in the territory of Mongolia. All types of goods, works, and services imported to Mongolia from abroad, | 10 |
| 2 | All types of goods and services are exported from Mongolia | 0 |
| 3 | For the value of auto fuel or diesel fuel imported, or produced and sold | 0-10 |
| 4 | Goods sold, works performed, or services rendered by a non-resident entity to a resident entity | 10 |

Deductible expenses

The following value-added taxes paid by an individual or legal entity in conformity with the Law on VAT, after being registered as a taxpayer, shall be deducted from the value-added tax to be paid to the state budget:

- a) Taxes paid in connection with the purchased goods, performed works, and rendered services for production and services purposes.
- b) Taxes paid for goods, works, and services directly imported by himself for the purpose of selling, as well as manufacturing and servicing.
- c) By deducting VAT paid from the sum amount if goods, works, and services were purchased with value-added tax when being registered as a value-added taxpayer.
- d) If a legal entity engaged in livestock or crop production sells domestically to manufacturers unprocessed primary products such as meat, milk, eggs, hides, sheep and camel wool, cashmere, yak wool, livestock prepared for meat processing, potatoes, vegetables, fruits and berries, and domestically produced flour, the selling price shall be deemed to include a 10% official tax, which shall be withheld by the purchaser acting as a withholding taxpayer at that rate from their payable official tax.
- e) Taxes paid for goods, works, and services imported or purchased for the preparation of fixed assets, as well as taxes paid for the import and purchase of fixed assets, shall be deducted proportionally according to the following terms:
 - 10 years for buildings and constructions;
 - 5 years for equipment /this includes exploration costs/;
 - Directly from fixed assets other than those specified above

"0"% VAT:

The rate of value-added tax imposed on the following exported goods, works, and services shall be equal to zero /"0"/:

- a) Goods exported from the territory of Mongolia for the purpose of sale and declared to the customs.
- b) Passenger and cargo transportation services rendered from the territory of Mongolia to foreign countries, from foreign countries to the territory of Mongolia, as well as from foreign countries to third countries transiting through the territory of Mongolia under

international treaties of Mongolia.

- c) Any services rendered (including non-taxable services) outside the territory of Mongolia;
- d) Any rendering of services (including "non-taxable services") to a foreign citizen or a legal person who is a non-resident of Mongolia.
- e) Any services of air navigation management, technical and fuel services, and cleaning, which shall be provided for both foreign and domestic airplanes conducting international flights, and the sale of food and drink services provided for air crew members or passengers during flight.
- f) State orders, medals, and coins manufactured domestically on the order of the Government or the Bank of Mongolia.
- g) End products of mineral resources.

The following goods are exempted from VAT:

- a) Passengers' personal use goods with a permitted amount to be let without tax and approved by the customs authority.
- b) Imported goods for the work needs of diplomatic missions and consular offices, the UN, and its specialized branches permanently residing in the territory of Mongolia.
- c) Goods received through humanitarian and grant aid from foreign governments, NGOs, and international or humanitarian organizations.
- d) Special-purpose appliances, equipment, and machinery designed for citizens with learning difficulties.
- e) Weapons and special equipment imported for the needs of the armed forces, police, organizations of national security, the court, or law.
- f) Civil aircraft, engines, and ground training devices, as well as their parts, components, subassemblies, spare parts, equipment, and related accessories.
- g) Revenues from the sale of establishments used for housing and/or their parts.
- h) Imported blood, blood products, and organs to be used for treatment purposes.
- i) Gas fuel, its container, equipment, special purpose machineries, mechanisms, and mechanics.
- j) Monetary notes; commemorative coins; banknotes and their designs commissioned abroad by Bank of Mongolia
- k) Cooperatives of herders, herders, and entities owning livestock who sell five-headed livestock, unprocessed primary products such as meat, milk, hides, cashmere, sheep and camel wool, and yak wool etc. (For continuation, please refer to Article 13, Section 13.1 of the Law on Value Added Tax

The following services are exempt from VAT:

- a) Currency exchange;
- b) Banking services, such as the receipt or transfer of, or any dealing with, money, any security for money, or any note or order for the payment of money, and the operation of any savings account;
- c) Services of insurance, insurance intermediaries, reinsurance, and registration of

- property;
- d) The issuance, transfer, or receipt of any securities and shares, and underwriting of such securities;
 - e) Loan service;
 - f) The provision, or transfer of an interest on social and health insurance fund;
 - g) Any services in respect of fees for bank or non-banking financial institution for interest, dividend, credit guarantees, or insurance contract;
 - h) The renting service of accommodation for housing and its part.
 - i) Educational and professional service mentioned in the regulation of the citizen or legal entity that is engaged in and has a special permission to conduct educational and professional training;
 - j) Medical services;
 - k) Services of religious organizations;
 - l) Virtual Asset Services, etc.

Indirect Taxes: Customs duties

The term “Customs duty” refers to a tax levied on, collected from, or paid for goods entering or leaving the Customs territory, based on the Customs tariff (MFN Tariff Rate 2017). The tariff rate for non-WTO member countries shall be twice more than the MFN tariff rate. The Customs duties shall be in the following forms:

- a) Ad valorem;
- b) Specific;
- c) Combination of either of the two above;
- d) Any of the first two above that entail a higher amount of duty.

Most of the imported goods are subject to 5% ad valorem Customs duty, while some others are subject to seasonal duties. Certain goods for export are subject to specific Customs duties. Any person (physical or legal) engaged in foreign trade is liable to pay Customs duties as well as some other taxes and fees upon importation or exportation of goods.

Excise duty

The Excise Tax in Mongolia is an indirect tax imposed on certain categories of goods and activities considered to have adverse effects on public health, the environment, or those classified as luxury consumption items. The following goods shall be subject to excise duty:

- a) All types of alcoholic beverages;
- b) All types of tobacco;
- c) Gasoline and diesel fuel;
- d) Automobiles; and
- e) By-product of oil production, such as kerosene.

The following persons shall be subject to Excise Tax:

- Individuals and legal entities that manufacture and sell excisable goods within Mongolia;
- Individuals and legal entities that import excisable goods;

- Individuals and legal entities engaged in paid lottery or betting (gambling) activities.

The amount of excise duty is imposed in MNT on a specific physical unit, depending on the name and type of goods.

Table 10. The Excise Tax

| Goods and Activities Subject to Excise Tax | Taxable Unit of Measurement |
|---|--------------------------------------|
| All types of alcoholic beverages | per 1 liter |
| All types of tobacco products (including cigarettes, loose tobacco, heated tobacco products, electronic cigarettes, etc.) | per 100 units / 1 kilogram |
| Gasoline and diesel fuel | per 1 ton |
| Passenger vehicles | per 1 unit |
| Petroleum by-products and kerosene | per 1 ton |
| Various beverages and water containing sugar or sugar substitutes | per 1 liter |
| Paid lottery and betting (gambling) activities | per activity / specialized equipment |

Excise tax exemptions shall apply in the following cases:

- Goods manufactured within the territory of Mongolia exclusively for export purposes;
- Traditional dairy-distilled spirits produced for household consumption;
- Alcoholic beverages and tobacco products imported duty-free in accordance with applicable law (Duty-Free);
- Hybrid vehicles, vehicles powered by liquefied gas, and electric passenger vehicles.

Tax Reporting Periods

In Mongolia, taxpayers, both individuals and legal entities, are obligated to file tax returns and pay taxes within the statutory deadlines prescribed by law, depending on the type of tax concerned. Unless otherwise provided by law, the deadlines for tax reporting and tax payment shall be the same.

Table 11. Tax Payment Deadlines

| Type of Tax | Filing Deadline |
|-----------------------------|--|
| <i>Corporate Income Tax</i> | 1. For entities with annual income of MNT 6 billion or more: quarterly, no later than the 20th day of the first month of the following quarter; 2. For entities with annual income below MNT 6 billion: semi-annually, no later than July 20. |
| <i>Personal Income Tax</i> | Withholding agents shall submit quarterly reports no later than the 20th day of the first month of the following quarter, and the annual report no later than February 15 of the following year. |

| | |
|------------------------------|---|
| <i>Value-Added Tax (VAT)</i> | Withholding agents shall file reports monthly, no later than the 10th day of the following month. |
| <i>Excise Tax</i> | Shall be reported no later than the 5th day of the following month. |

Social insurance payment

Social insurance has two forms, including mandatory and voluntary social insurance under the Law on Social Insurance of Mongolia.

Social insurance consists of the following types:

- a) Pension insurance;
- b) Fringe benefits insurance;
- c) Health insurance;
- d) Industrial accident and occupational disease insurance;
- e) Unemployment allowance.

Table 12. Social Insurance Contributions

| <i>The following individuals must maintain compulsory social insurance</i> | <i>Types of social insurance</i> |
|---|--|
| <ol style="list-style-type: none"> 1. An employee working under an employment contract with a legal entity or individual of all ownership forms; 2. Foreign-invested legal entities operating in Mongolia, foreign enterprises and organizations, their branches and representative offices, foreign enterprises operating through their representative offices outside Mongolia, and employees working in such foreign enterprises or representative offices earning income from Mongolia; 3. Unless otherwise specified in Mongolia's international agreements, employees working on diplomatic missions or consulates of foreign countries in Mongolia, international organizations, project or program units, branches, representative offices, or permanent offices implemented with foreign loans or aid; 4. Employees specified in Sections 1, 2, and 3 who are temporarily incapacitated for one month or more and are on maternity leave; 5. Individuals who have been unlawfully dismissed; 6. Individuals who have been prosecuted and sentenced to prison on false charges. | <ul style="list-style-type: none"> - Pension insurance; - Fringe benefits insurance; - Unemployment insurance; - Industrial accident and occupational disease insurance; |
| <ol style="list-style-type: none"> 1. Member of the Board of Directors. 2. Mongolian citizens appointed to work in electoral | <ul style="list-style-type: none"> - Pension insurance; |

| | |
|--|---|
| <p>divisions and committees at all levels;</p> <p>3. A Mongolian citizen working in a foreign country under an employment contract;</p> <p>4. A pensioner who is working under an employment contract or similar contracts with a legal entity or individual in accordance with the Law on Pensions Provided by the Social Insurance Fund, Law on Pensions, Benefits and Payments for Industrial Accidents and Occupational Diseases Provided by the Social Insurance Fund, Law on Social Welfare and the Law on Benefits Provided by the Social Insurance Fund.</p> | <ul style="list-style-type: none"> - Fringe benefits insurance; - Industrial accident and occupational disease insurance; |
| <ol style="list-style-type: none"> 1. Unemployed spouses of officers, supervisors, and state customs inspectors serving and working at the state border; 2. Spouse of an employee of the armed forces, intelligence, police, or court enforcement agency who is unemployed due to relocation to another province, city, or settlement; 3. Monks and priests of religious organizations; 4. Current employees and civil servants who are studying under the employer's orders; 5. An employee mother or father who is caring for a child under the age of three, or a civil servant who is a mother or father, unless otherwise specified by law; 6. Spouses of employees of diplomatic missions working abroad from Mongolia who are unemployed and do not receive an old-age pension; 7. Individuals who have worked in disaster prevention and other mobilization efforts; 8. Reindeer herders living in the taiga; 9. Temporary military personnel; 10. An employee working under an employment contract or similar contracts with a legal entity or individual of all ownership forms. | <ul style="list-style-type: none"> - Pension insurance; - Fringe benefits insurance; |
| <ol style="list-style-type: none"> 1. In accordance with Article 57 of the Labor Law, an employee who works multiple jobs simultaneously outside working hours; 2. Pensioners who have become unable to work due to unemployment, industrial accidents, or occupational diseases. | <ul style="list-style-type: none"> - Pension insurance; |

Table 13. Social Insurance Contribution Rates

| <i>No</i> | <i>Type of social insurance</i> | <i>Deduction percentage %/ of Employer's salary fund or equivalent earnings</i> | <i>Deduction percentage %/ of Insured's salary fund or equivalent earnings</i> |
|-----------|---------------------------------|---|--|
| 1. | Pension insurance | 8.5 | 8.5 |
| 2. | Fringe benefit insurance | 1.0 | 0.8 |
| 3. | Health insurance | 0.5, 1.5, 2.5 | - |
| 4. | Unemployment insurance | 0.5 | 0.2 |
| 5. | Total deductions | 10.5, 11.5, 12.5 | 9.5 |

The percentage of social insurance contributions for industrial accidents and occupational diseases shall be determined based on the occupational health and safety requirements and the working conditions of workplaces with risks, as well as the employer's wage fund and equivalent income. This will be approved by the Government upon the proposal of the National Council of Social Insurance. The monthly premiums to be paid by the insured and employers shall be paid before the 5th of the following month.

VII. TRADEMARK PROTECTION IN MONGOLIA

To enjoy legal protection in Mongolia, a trademark needs to be registered with the General Authority of Intellectual Property in the Register of Trademarks. Alternatively, it may be protected in another country provided that it is registered in accordance with the Madrid Agreement Concerning the International Registration of Marks dated 1891 and the Protocol Relating to the Madrid Agreement.

A "trademark" refers to a distinctive expression used by an individual or a legal entity, engaged in manufacturing goods or providing services, in order to distinguish their goods or services from others. It may be expressed in words, figures, letters, numerals, three-dimensional configurations, colors, combinations of colors, sounds, scents, and/or any combination thereof. The trademark registration process takes 9 months and can be extended for an additional 6 months. Once the trademark is registered, its certificate shall be issued for 10 years term and can be extended for an additional 10 years.

The exclusive rights of the trademark holder shall be enforced within the registered list of goods and services.

Exclusive rights:

The trademark holder has the following exclusive rights:

- a) To own the registered trademark;
- b) To allow the use of the registered trademark by a third party;
- c) To transfer the registered trademark to a third party;
- d) To demand cessation of registered trademark use without permission;

- e) To demand cessation of the use of the same or similar trademark by a third party that misleads the customers; and
- f) To demand payment for incurred loss due to the action stated in (d) and (e).

The trademark holder can transfer the rights to another person by signing an agreement for the transfer of ownership of the trademark. Alternatively, other parties can use the registered trademark by signing a license agreement for some or all goods and services. According to the law, both the transfer agreement and the license agreement are considered effective upon registration with the Intellectual Property Office and publication in official periodicals.

If an individual or legal entity uses the trademark without permission, the trademark holder may protect their exclusive rights and file a claim with the following authorities:

- a) Intellectual Property Office of Mongolia;
- b) Customs General Administration of Mongolia; and
- c) Courts of Mongolia.

Enforcement Action by Intellectual Property Authority:

In the case of infringement of industrial property rights, the right holder or his/her representative may file a complaint, objection, or request with the Industrial Property Rights Dispute Resolution Board (DRB) at the Intellectual Property Office of Mongolia. The claim, objection, or request should be supported by the evidence of the infringement.

The dispute will be resolved within 90 days from the initiation of the case, and this period may be extended for an additional 30 days upon the complainant's consent. In the event of disagreement with the DRB decision, the concerned party can file a claim with the court within 30 days from the date of receiving the decision.

Enforcement action by the Customs authority:

For the protection and combat against counterfeit products being supplied and sold in the market, the trademark holder or their authorized entity or individual, under a licensing agreement, can register the trademark with the customs authority. This registration is based on the trademark certificate issued by the registry. The customs authority shall not clear counterfeit products with a registered trademark through customs if there is any complaint.

The trademark holder can file a claim to stop the clearance of products by customs in the event of trademark rights infringement, illegal clearance of products, or if there are reasonable grounds to suspect illegal or fake products during customs inspection. The claim should include information about the trademark holder, intellectual property, a detailed description of the products that have been cleared through customs illegally, and the requested measures to be undertaken by the customs authority.

The State Inspector of the Customs authority is authorized to impose sanctions on trademark infringers.

Enforcement Action by courts:

- a) If the state Inspector and its senior inspector have not satisfactorily performed their duties to the trademark holder's claims for protecting its exclusive rights, the trademark holder may file a claim with the court.
- b) If trademark infringement results in loss, either in monetary or non-monetary terms, such as damage to the business reputation, the trademark holder is entitled to file a

claim for compensation for the incurred loss. However, the loss caused must be proven with evidence in order to make a claim for the loss.

- c) The court has the authority to impose criminal sanctions on entities and individuals in default. If a defaulted party has engaged in the manufacturing, supply, sale, and storage of counterfeit products using the registered trademark, criminal sanctions will be imposed.

Trademark infringement is classified as an offence or a crime under the relevant law.

VIII. DISPUTE RESOLUTION IN MONGOLIA

In Mongolia, there are several mechanisms available for dispute resolution. The primary method involves non-judicial procedures, namely mediation or referral to the Mongolian International Arbitration Center under the Mongolian National Chamber of Commerce and Industry. If the disputing parties are unable to reach an amicable settlement through these mechanisms, they may subsequently submit the dispute to the courts of Mongolia.

Judicial System of Mongolia

According to Article 13.2 of the Law on Courts, the judicial system of Mongolia follows a basic structure consisting of the Supreme Court, the Court of Cassation or Review, aimag and capital city courts (the Court of Appeals), soum or intersoum and district courts (Courts of the First instance).

- a) Soum, intersoum, and district courts have jurisdiction only at first instance;
- b) Aimag courts, found in the Aimag capitals and the Capital City Court, handle appeals from the lower-level courts; and
- c) The Supreme Court is the highest level of the Court, deals with any matters at first instance that are not within the specific jurisdiction of other courts, and handles appeals on decisions made by the courts of Aimag and the Capital City.

Courts other than the Supreme Court are specialized according to the type of cases they adjudicate, namely criminal, civil, and administrative matters. Courts of first instance and appellate courts may be established based on a territorial circuit system. A detailed list of the names and territorial jurisdictions of first-instance and appellate courts can be found in the Law on the Establishment of Courts (2024)²⁵.

Alternative Dispute Resolution - Mediation:

Mediation is an alternative dispute resolution method that parties in any agreement should consider, aside from arbitration. Mediation is essentially a negotiation process facilitated by a neutral third party. Unlike arbitration, which takes a form more similar to a trial, mediation does not involve the neutral third party making a decision. Instead, it aims to find a mutually acceptable resolution or compromise between the disputing parties. Mediation procedures can be initiated by the parties or may be compelled by legislation, the courts, or contractual terms. When parties are unwilling or unable to resolve a dispute, one good option is to turn to mediation. Mediation is generally a short-term, structured, task-oriented, and “hands-on” process. In Mongolia, the institution of mediation was established through the adoption of the Law on Mediation in 2012. Pursuant to the law, mediation may be used in civil legal disputes, labor rights disputes, and disputes arising from family relationships, and in certain other

²⁵ <https://legalinfo.mn/mn/detail?lawId=17140721145671>

disputes as specified by law.

In mediation, the parties involved in a dispute work with a neutral third party, known as the mediator, to resolve their conflicts. The mediator facilitates the resolution of the parties' disputes by supervising the exchange of information and the bargaining process. The mediator helps the parties find common ground and address unrealistic expectations. The mediator may also provide innovative solutions and help in formulating a final settlement agreement. The role of the mediator is to interpret concerns, relay information between the parties, frame issues, and define the problems. Unlike the litigation process or arbitration, where a neutral third party (judge or arbitrator) imposes a decision on the matter, the parties and their mediator typically have control over the mediation process.

Mongolian International Arbitration Center

Mongolian International Arbitration is affiliated with the Mongolian National Chamber of Commerce and Industry. It commenced operations in 1960 and is recognized internationally as a permanent arbitration institution in Mongolia. The arbitration has branches in all 21 aimags, which are administrative units under the law of Mongolia. Currently, there are 51 local arbitrators with qualifications in law, economics, finance, and mining, as well as 11 foreign arbitrators from countries including the Russian Federation, the People's Republic of China, the Federal Republic of Germany, Japan, Hong Kong, and Poland.

National and International Commercial Arbitration

The National and International Commercial Arbitration was established in 2015 and has since been operating as a permanent arbitration institution recognized at the international level.

The arbitral tribunal comprises professionally certified arbitrators of high domestic and international standing, specializing in law, economics, finance, construction, investment, and mining. In addition, professionals from jurisdictions representing both common law and civil law systems, including Australia, Canada, Singapore, the European Union, Switzerland, the United States, and England, serve within the institution as international arbitrators and legal practitioners.

Recognition and Enforcement of Foreign Court Judgments in Mongolia

The enforcement of foreign court judgments in Mongolia constitutes an important institution of private international law and is closely associated with the principles of state sovereignty and judicial jurisdiction. A judgment rendered by a court of one state does not automatically take legal effect within the territory of another state; rather, it may be enforced only upon recognition and the granting of enforcement authorization by the competent judicial authority of that state. Similarly, in Mongolia, foreign court judgments cannot be enforced directly and must first be reviewed and recognized by a Mongolian court before compulsory enforcement proceedings may commence.

The legal basis for the recognition and enforcement of foreign court judgments in Mongolia is established under the Civil Procedure Law, the Law on Enforcement of Court Decisions, and international treaties and agreements concluded by Mongolia. As Mongolia applies international treaties with the same legal force as domestic legislation, where a treaty on mutual legal assistance or reciprocal enforcement of court decisions exists with a foreign state, enforcement may be carried out pursuant to such treaty.

As of 2025, Mongolia has concluded Mutual Legal Assistance Treaties with a total of 19

countries. These include the following states:

1. Hungary
2. Republic of Bulgaria
3. Romania
4. Czech Republic
5. Slovak Republic
6. Democratic People's Republic of Korea
7. Republic of Cuba
8. People's Republic of China
9. French Republic
10. Republic of Kazakhstan
11. Republic of Poland
12. Russian Federation
13. Republic of Korea
14. Ukraine
15. Socialist Republic of Vietnam
16. Kyrgyz Republic
17. Republic of Turkiye
18. Republic of India
19. Republic of Belarus

In the absence of such a treaty, the process of enforcing a foreign court judgment becomes more complex, and the court shall assess and decide the matter based on applicable domestic legislation and generally recognized principles of international law.

Stages of the Procedure for Enforcement of a Foreign Court Judgment in Mongolia:

1. The authorized foreign party shall submit an application to the competent court of first instance in Mongolia requesting enforcement of the court judgment rendered in its respective jurisdiction. The application shall be filed with the court having jurisdiction over the respondent's place of residence or the location of the respondent's assets.
2. The court shall examine whether the judgment has entered into legal force, whether it falls within judicial jurisdiction, whether the parties' right to participation and due process were properly ensured, and whether the judgment is consistent with public order.
3. Where the statutory requirements are satisfied, the court shall issue a ruling recognizing the foreign court judgment.
4. Upon such recognition, the foreign court judgment shall have the same legal force and effect as a judgment rendered by a Mongolian court.
5. The competent court decision enforcement authority shall carry out compulsory enforcement of the judgment.

Recognition and Enforcement of Foreign Arbitral Awards in Mongolia

In 1994, Mongolia ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, thereby assuming international obligations to recognize and enforce foreign arbitral awards. Consequently, arbitral awards rendered in other contracting states to the Convention may be recognized and enforced in Mongolia under an established legal framework.

Accordingly, the courts of Mongolia will enforce arbitral awards within the country provided that the following conditions are met:

- a) The award is final.
- b) The award relates to a commercial dispute.
- c) The award is confirmed by a judicial order in Mongolia.
- d) The award does not pertain to taxes, fines, or penalties.
- e) The award was not obtained in a manner that goes against the public policy of Mongolia.

There are specific circumstances under Mongolia's Arbitration Law in which a foreign arbitration will not be enforced. These circumstances include:

- a) If one of the parties to the arbitration agreement lacks legal capacity, or if the arbitration agreement itself is invalid.
- b) When a party responsible for the arbitral award did not receive proper notice of the appointment of an arbitrator or the arbitral proceedings, and as a result was unable to participate and provide a response.
- c) If the arbitral award is not contemplated by or falls outside the terms of the claim, or if the arbitral award exceeds the scope of the initial claim.
- d) If the composition of the arbitral tribunal and the arbitral proceedings do not conform to the agreement of the parties or, in the absence of such an agreement, do not comply with the laws of the jurisdiction.
- e) When the arbitral award is invalid or its enforcement has been suspended.
- f) If the subject matter of the dispute is not capable of settlement through arbitration under the laws of Mongolia.
- g) The recognition or enforcement of the award would run contrary to Mongolia's common interests.

For more information or any queries, please feel free to contact Bolormaa V, Partner, by bvolodya@gratanet.com, and Dashiisuren Khadbaatar, Lawyer of Grata International Law Firm, by dkhadbaatar@gratanet.com or 976 70155031.

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