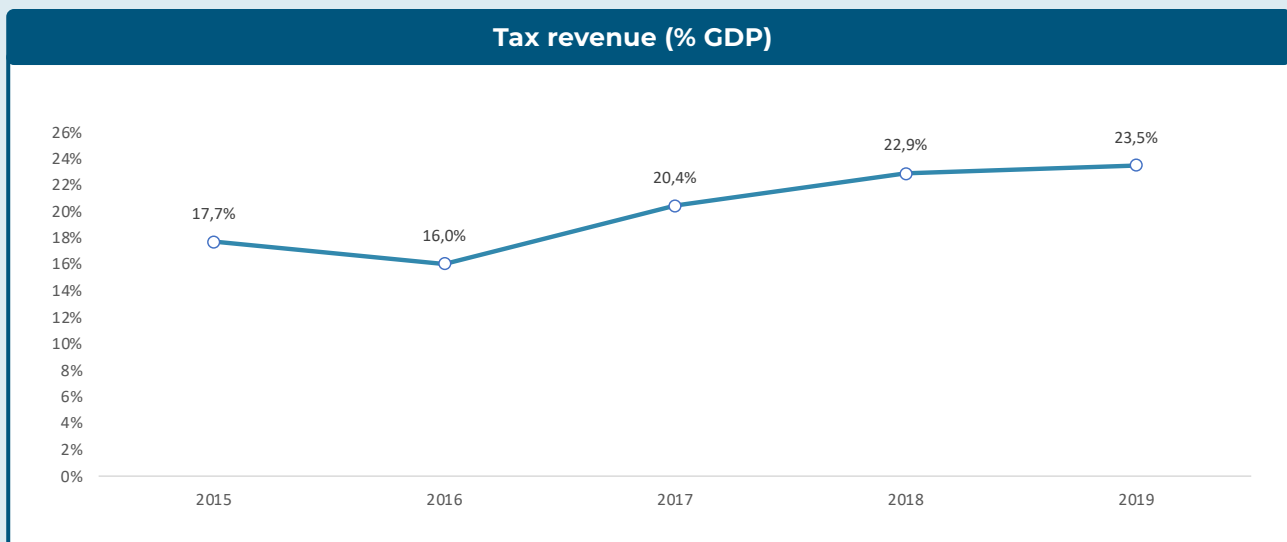
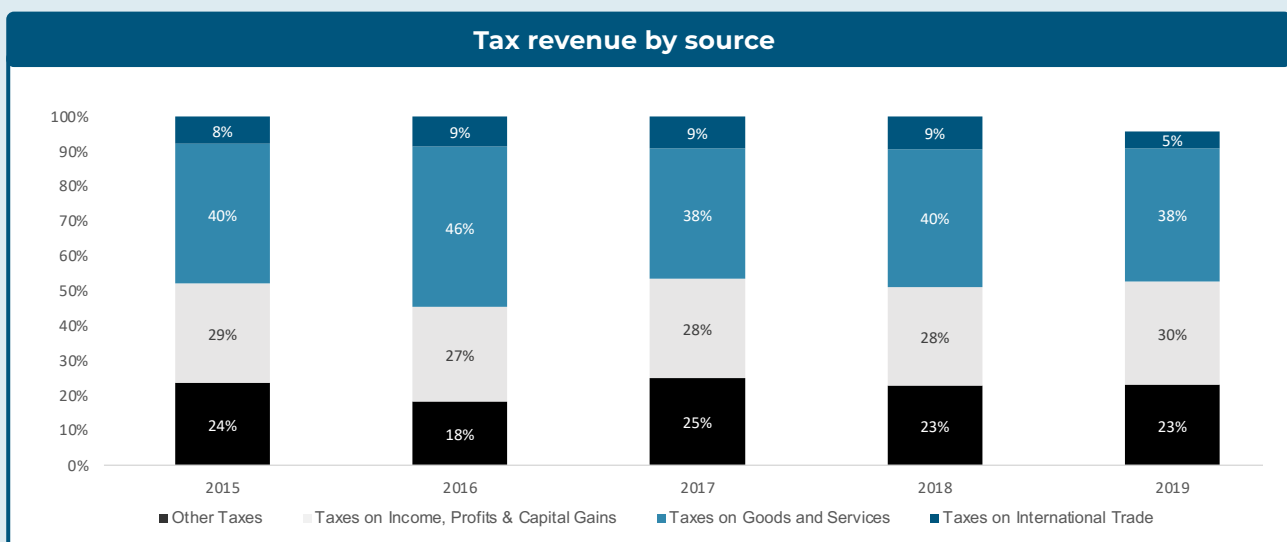


Stepping up domestic revenue mobilisation

Mongolia

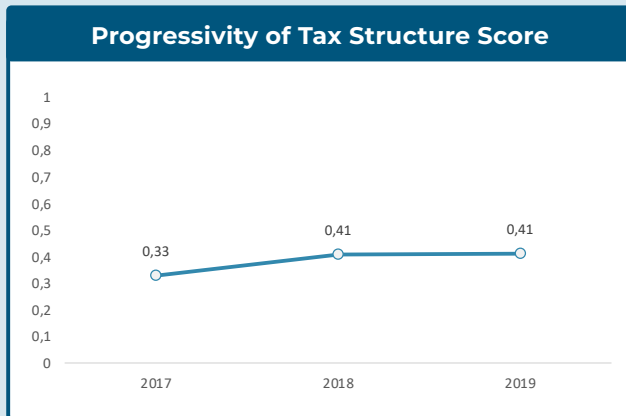


Source: Government Revenue Dataset (GRD) (ICTD-UNU-Wider).



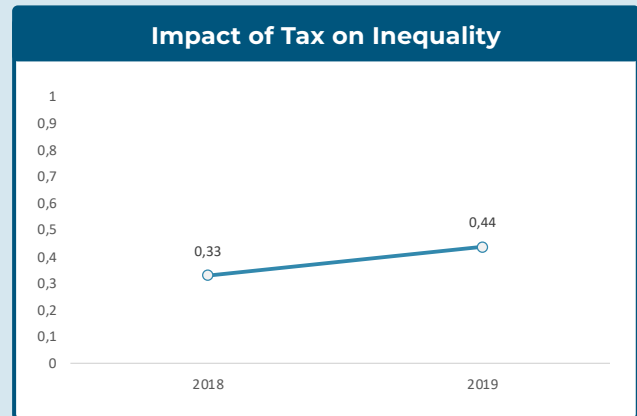
Source: GRD (ICTD-UNU-Wider). The 2019 ATI Monitoring Report covers revenue from four core tax sources of ATI members (i.e. taxes on incomes, profits, and capital gains; taxes on goods and services; taxes on international trade and transactions; other taxes). Revenue from social security contributions, which are sometimes reported as part of the tax-to-GDP ratio, is not included.

Commitment to Reducing Inequality Index (CRI)



Scale of zero (least progressive) to 1.0 (most progressive).

Source: Oxfam international, the Commitment to Reducing Inequality Index



Calculated by multiplying the total revenue collected from each form of taxation as a share of GDP by a standard global coefficient for each tax that predicts its impact on the income Gini index. The results for all taxes are then summed. On a scale from 0 to 1, the country with the largest decrease in the value of the Gini coefficient as a result of this tax revenue scores a maximum of 1.0

Source: Oxfam international, the Commitment to Reducing Inequality Index

Recent reform steps

Recent steps taken by Mongolia to reform its domestic revenue mobilisation system include:

- Easy and fast collection of tax revenue by enabling tax payment through electronic payment instruments accepted by the Bank of Mongolia.
- Amendments to the Minerals Law to provide for a tax on the purchase, sale, and export of mineral products from unlicensed entities.
- Amendments to the Budget Law, the Law on Lands, and the Law on Land Fees, so that citizens and busi-

ness entities who own and use land have been able to pay land fees in an easy way.

- The adoption of the Law on Livestock Tax, which has provided an opportunity to increase tax revenues.

In addition, the Tax Revenue Control and Refund Department was established in the Tax Collection Management and Methodology Department at General Department of Taxation.

Progress achieved in 2019

Mongolia's domestic revenue mobilisation has made considerable progress, enabled by a variety of strategies and reforms. These include:

- Introducing the principle of tax preference, making it possible to recover tax arrears, claim for damages to human life and health, and subsequent foreclosure of any collateral.
- Introducing anti-tax rules and tax transparency standards for large multinational corporations, making it possible to exchange information from more than 130 countries and offshore zones for tax purposes.

- Joining the Convention on Mutual Administrative Assistance in Tax Matters.
- Legalising the principle of price transition in accordance with international standards.
- Measures to detect tax reporting errors in advance, to support taxpayers, and to improve the accuracy of tax returns.
- Providing for early collection of risky taxes.

Outlook: DRM priorities

No particular strategy has been approved.

Ensuring policy coherence for development

Mongolia has also demonstrated a commitment to policy coherence for development by:

- Addressing **illicit financial flows**, such as money laundering and terrorist financing since 2006;

- **Promoting international tax cooperation** through exchange of information relationships with 25 countries;
- Providing **tax incentives for investment through double taxation agreements** with 25 countries, as

well as establishing investment laws in 2013 and the Corporate Income Tax law in 2020;

- The Ministry of Finance approving a regulation on VAT and customs duty exemption and **tax credit on official development assistance** from foreign governments, NGO, international organisations;
- Passing the **Green Development Policy** in 2014 and a “green tax” intended to reduce imports and consumption of industries, services and goods that are harmful to the environment;
- Working to implement hidden economy strategies to improve law enforcement by taxpayer segment and reform property tax laws to **equitably increase domestic revenue mobilisation.**