MONGOLIA’S FDI PROMOTION POLICY

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MONGOLIA: CURRENT SITUATION

by International indexes

Doing business: 62 (190)
Happiness index: 136 (140)
Human development index: 92 (188)
Environmental index: 111 (140)
Competitiveness index: 102 (138)
Quality of Life: 107 (192)
GDP GROWTH: 5.1%

15% FREIGHT TURNOVER HAS INCREASED

TRADE BALANCE: 1.8 BILLION USD

2 TIMES BUDGET DEFICIT DECREASED TWO TIMES VS. PREVIOUS YEAR

DOMESTIC CURRENCY RATE STABILIZED AND INCREASING

2.5 TRILLION TUGRIKS INCREASED SAVINGS

FDI GROWTH: 54%
INVESTMENT PROTECTION

01  
1990-2017 он
Agreement on Promotion and Protection of Investment
– 44 countries, Avoidance of Double Taxation – 30 countries

02  
1991 он
First ever Agreement on Promotion and Protection of Investment
– People’s Republic of China

03  
2016 он
The “Investor Protection Council” headed by the Head of Cabinet Secretariat was established by the Government of Mongolia. State secretaries of perspective ministries and the National Development Agency are working as a member of the council. More than 80 grievances have been received and resolutions have already begun.
CURRENT INVESTMENT ENVIRONMENT

Investment Law (2013)

- More liberalized market condition
- Tax and Non-tax Incentives for investors
- More facilitated mechanism for getting licenses and approvals
- Equal treatment for Foreign and National entities

First legal document for encouraging economic diversification
INVESTMENT SUPPORT, GUARANTEE

SUPPORT

TAX
- Investment Agreement
  Tax stabilization and other incentives for projects with investment over 500 billion MNT
- Tax Stabilization Certificate
  Stabilization of Corporate Income Tax, VAT, Customs Duty, Royalty
- Economy Free Zone
  Tax exemption for initial 5 years
- Customs Duty exemption for listed SME equipment

NON-TAX
- Innovation project and product
  Financial guarantee for production of export oriented innovative products
- Alleviated regime of registration and check-point
  Economic free zones
- Land lease and use
  Land lease and use for up to 100 years
- Exemption of employment fees
  Infrastructure, production, science and education sector

GUARANTEE

Legal Guarantee:

In accordance with the Investment Law, Government provides Tax Environment Stabilization GUARANTEE by issuing STABILIZATION CERTIFICATE or by signing an INVESTMENT AGREEMENT with investors.

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INVESTMENT AGREEMENT – PHASES

- INVESTOR PROPOSAL
- CONTROLLER
  - National Development Agency
- NEGOTIATION PROJECT
- SIGNING RIGHTS
- GOVERNMENT
- MINISTER
  - INVESTMENT AGREEMENT

WORKING GROUP
/Related Body/
MONGOLIA’GDP GROWTH
(billion USD)

- FOREIGN INVESTMENT LAW OF MONGOLIA
- MONGOLIA - ACCESSION TO WTO
- MINING LAW OF MONGOLIA

GDP GROWTH BY 15 FOLDS BETWEEN 1993 /2013 (20 YEARS)

INVESTMENT LAW OF MONGOLIA (National Treatment)

source: BoM, WB
FDI & TRADE TURNOVER OF MONGOLIA
(billion USD)

Source: WB, Mongolian Customs Authority
“Tax rate and amount stabilization certificate” means a certificate issued by an authorized organization for the purpose of stabilizing the rate and amount of tax and payment specified in the Law, to an investing legal body that fulfills the requirements specified in Investment Law.

Under the stabilization Certificate, the following taxes and rates shall be stabilized during the validity of the certificate:

- Corporate Income Tax
- Customs Duty
- Value-added Tax
- Royalty
With the aim of maintaining a sustainable environment for operations, Government member in charge of investment affairs shall sign an Investment agreement for the investment of more than 500 billion MNT.

The Investment Agreement provides:

- Legal guarantee established by law,
- Tax Environment Stabilization,
- Conditions for regulatory and financial support.