



# MONGOLIA

Mongolia - Civil Law

★ Incorporate Now

☎ Consultation

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In a hurry? Click incorporate now, and startup your company immediately.

## Incorporating a company in Mongolia

# Mongolia taxes

If you want to do business in Mongolia, reading this will help you becoming knowledgeable on the specific tax laws and rates for a LLC which is the most common company structure in Mongolia.

Mongolia imposes a tax on resident entities worldwide income. The prevailing percentage for income earned abroad, from our research, and this is not personal tax advice, is 25%. The country doesn't have known exemptions to transfer in offshore income accrued abroad. Resident companies taxable income up to MNT 3b is taxed at 10%, the excess is taxed at 25%. This ranks Mongolia as 103rd when compared to CIT globally.

The valued added tax rate in MN is 10.00%, which ranks Mongolia as 47th when compared to value added tax rate worldwide. In terms of other taxation, an employer will contribute 13% to the equivalent of a social security fund and an employee will contribute 10%. The average time to comply with a country's labor tax requirements is 48hours. Contributing to this is the number of yearly labor tax payments, which is 12 in MN.

Thin capitalization mandates are officially enacted. Thin capitalisation refers to any type of requirements on a business and the debt-to-asset ratios. Dividends paid by a domestic company to other domestic company is subject to withholding tax at 10% rate. Dividends received may be also included in corporate income tax base. Dividends are payments of a company's earnings, determined by the board, to a class of its shareholders. Dividends can be one of the following cash payments, shares of stock, or other property. Capital Gains are subject to corporate income tax standard rate, except sales of immovable property, subject to tax of 2% on gross sales. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 20%. Which means that the tax authorities expects companies to pay tax on 20% of interests remitted abroad. The dividends withholding tax rate is 20%. This should be interpreted that usually the taxman expects relevant legal entities to automatically withhold 20% of payments abroad on dividends. The royalties withholding tax rate is 20%. This means that the taxman expects LLC's to withhold 20% of royalties paid to non-residents. Withholding tax rates may be reduced under a tax treaty.

There is no known tax on wealth in Mongolia. There are no known inheritance and transfer taxes. There is a real property tax. There are certain tax reductions for certain economic activities, foreign investment incentives and free trade zones with certain tax reliefs.

The above is not tax or legal advice for your company circumstances. We are able to point you to a lawyer in Mongolia who can give you the proper advice and help you need. Press incorporate now if you are in a hurry or click the free consultation button above.

The vat rate in Mongolia is 10% which ranks 46 in the world.

- ✗ Patent box
- ✗ RND credit
- ✗ Wealth tax
- ✓ Estate tax
- ✗ Transfer taxes
- ✗ Asset taxes
- ✗ Capital duties

- 24 Tax treaties
- 25% Offshore Tax
- 25% Corp rate
- Loss carryback years
- 46 Corporate time
- 10% VAT rate
- 25% Capital gains
- No AEOI planned

# Mongolia Legalese

When looking for a jurisdiction in which to incorporate, the first thing to look at is the legal code. The body of law in Mongolia is civil law. You will want to get some local advice as to how to best structure a company in Mongolia. E-signatures are allowed.

The letters MN is for Mongolia and the most common legal entity structure in Mongolia is a LLC.

The average time to incorporate is 14 days to setup a LLC in MN. The minimal capitalization, or amount you're expected to put into a bank, is 0, This means you don't have any minimum share capital. The types of currencies you can use to setup your business is often any legal currency.

Yes, one is allowed to re-domicile a LLC from MN. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in MN by yourself. Corporate Shareholders are encouraged, which means you can have a corporate shareholder. Foreign ownership is tolerated, up to 100% of the total shareholding.

A LLC is only required to have 1 director on the board. Furthermore, corporate directors are permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an office which can receive a service of process on behalf of the registered legal entity. Moreover, a corporate secretary is not always necessary, at least not by law.

There is a legal obligation to file accounts on a yearly basis. Furthermore, there is oftentimes a requirement to have these accounts audited.

Overall we think Mongolia is a good option and have given it a score of 77 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ Directors not disclosed in a public registry
- ✗ Shareholders not disclosed in a public registry
- ✓ Redomiciliation permitted
- ✓ Registered office required
- ✓ Corporate director permitted
- ✗ Local Secretary not required
- ✗ Local Director not required
- ✓ Electronic signature

- 1 Shareholders required
- 1 Directors required
- 14 days to form



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## Country Info



🚩 National Flag of

**Монгол улс (mon)**

\$ Currency

**MNT**

📞 Area Code

**+976**

🏰 Capital

**Ulan Bator**

✈ Region

**Eastern Asia**

🌿 Native Languages

**Mongolian**