



BUSINESS FORUM

BIZINESS22 FORUM

5th April
ULAANBAATAR, MONGOLIA



ЗАСГИЙН ГАЗРЫН ТОХИРУУЛАГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

INVESTMENT ENVIRONMENT IN MONGOLIA

Mr. MUNBAT.L

Director, Registration, Information and Promotion Division
National Development Agency

Mongolian-Italian Business Forum

2017.04.05

Ulaanbaatar, Mongolia



CONTENT

- Investment policy and legal framework
- Foreign investment environment
- Main functions of National Development Agency

Mongolia entered:



ЗАСГИЙН ГАЗРЫН ТОХИРУУЛАГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

Seoul convention
establishing the
Multilateral Investment
Guarantee Agency

Washington convention on
the Settlement of
Investment Disputes

Foreign Investment
Protection and Promotion
agreements with 44
countries



Tax treaties with 30
countries

**Mongolia-Japan
Economic Partnership
Agreement /First FTA/**

Process of accession to
APTA

Investment Legal Environment

Investment Law highlights:

- ✓ No approval to enter into market and buy a local company
- ✓ No discrimination between Foreign and Local company
- ✓ Fast incorporation process
- ✓ Stability guarantees
- ✓ Reveals possible tax and non-tax state supports and incentives to investors
- ✓ Investor friendly

INVESTMENT LAW /2013/



ЗАСГИЙН ГАЗРЫН ТОХИРУУЛАГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

TAX INCENTIVES

✓ Investment Agreement

Investment more than 500 bln MNT

✓ Tax Stabilization Certificate

Corporate Income Tax

VAT

Customs Duty

Royalty

Economic Free Zone

All tax exemption for initial 5 years

✓ All equipment's for SME's

VAT

Customs Duty

NON- TAX INCENTIVES

✓ Innovation project and product

to render support to carry out innovation projects and to guarantee the financing for production of export oriented innovation products

✓ Alleviated regime of registration and check-point

Free zones

Production

Technological Park

✓ Land lease and use

To put land lease and use for up to 100 years

✓ Exempts from employment fees

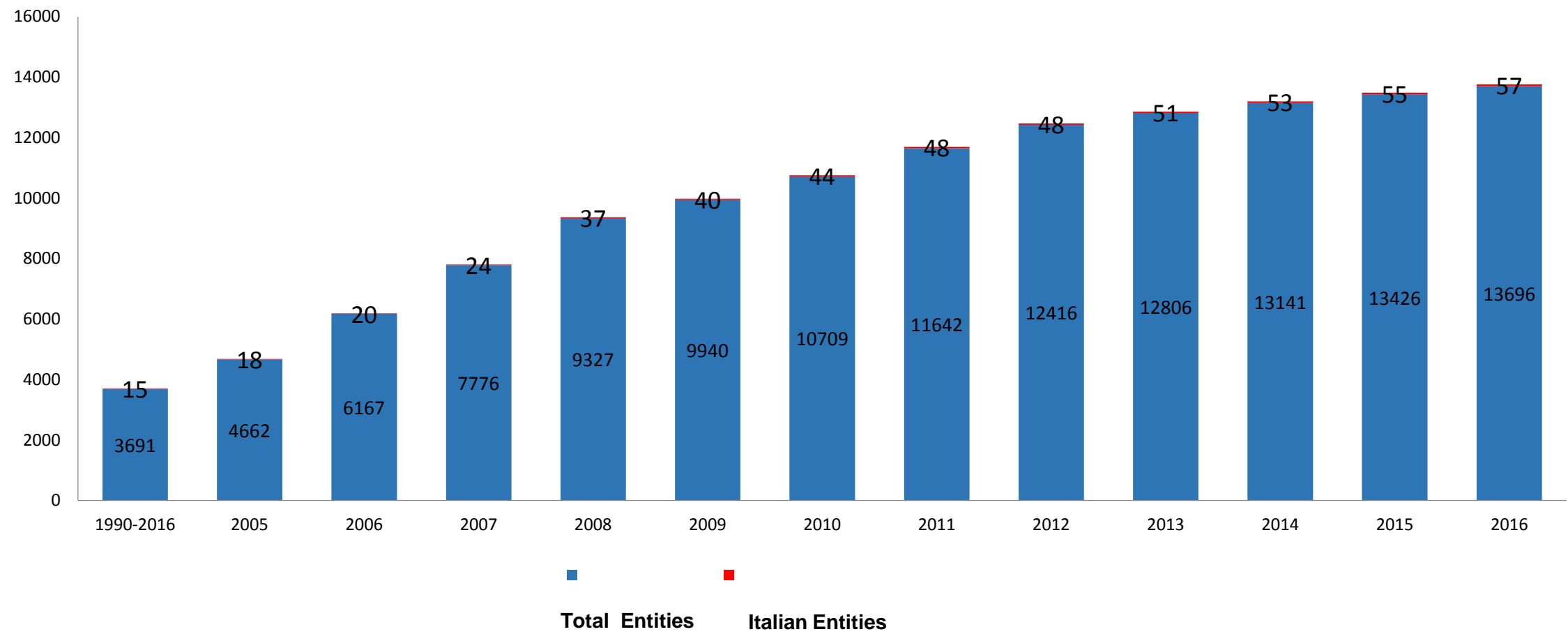
Infrastructure , production, science and education

FOREIGN DIRECT INVESTMENT BY NUMBER OF COMPANIES

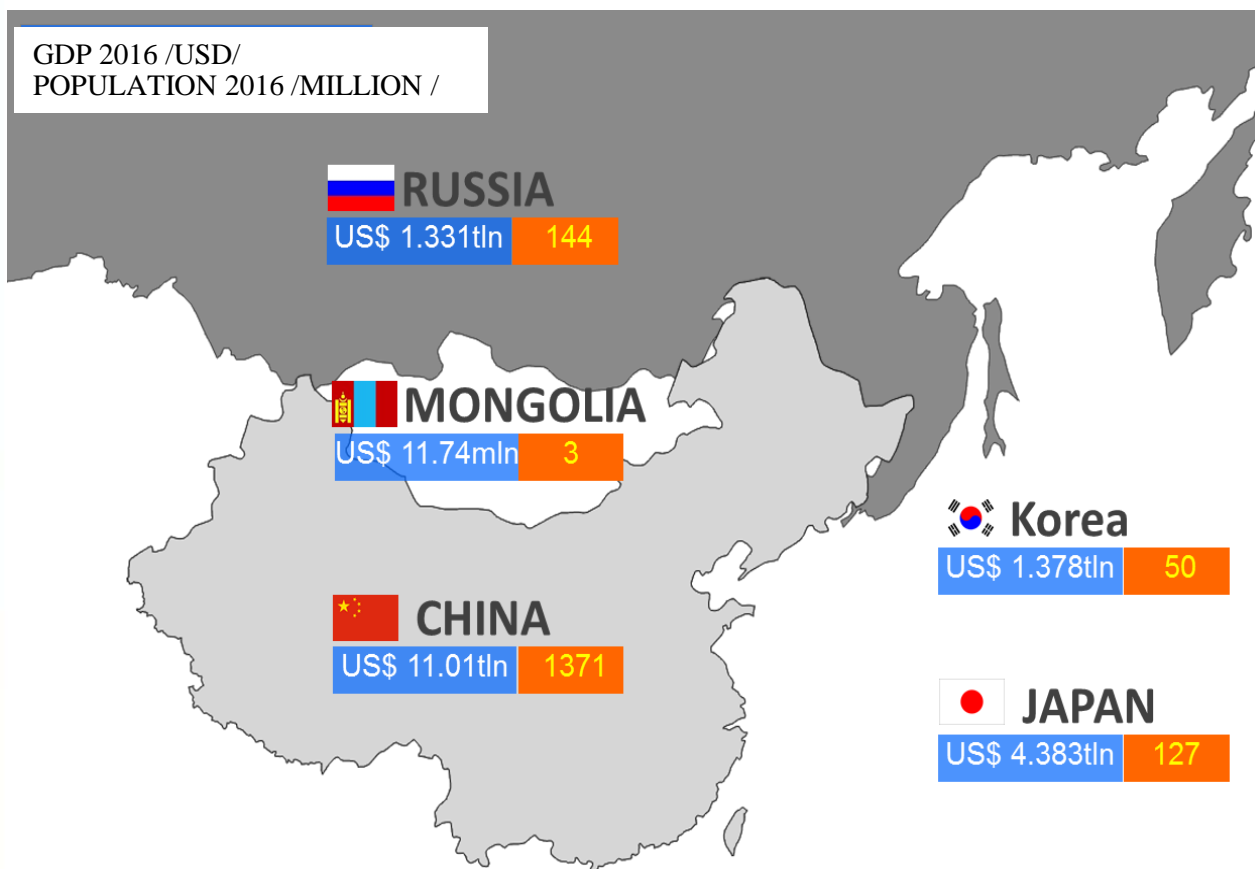


ЗАСГИЙН ГАЗРЫН ТӨХИРҮҮЛГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

By number of companies

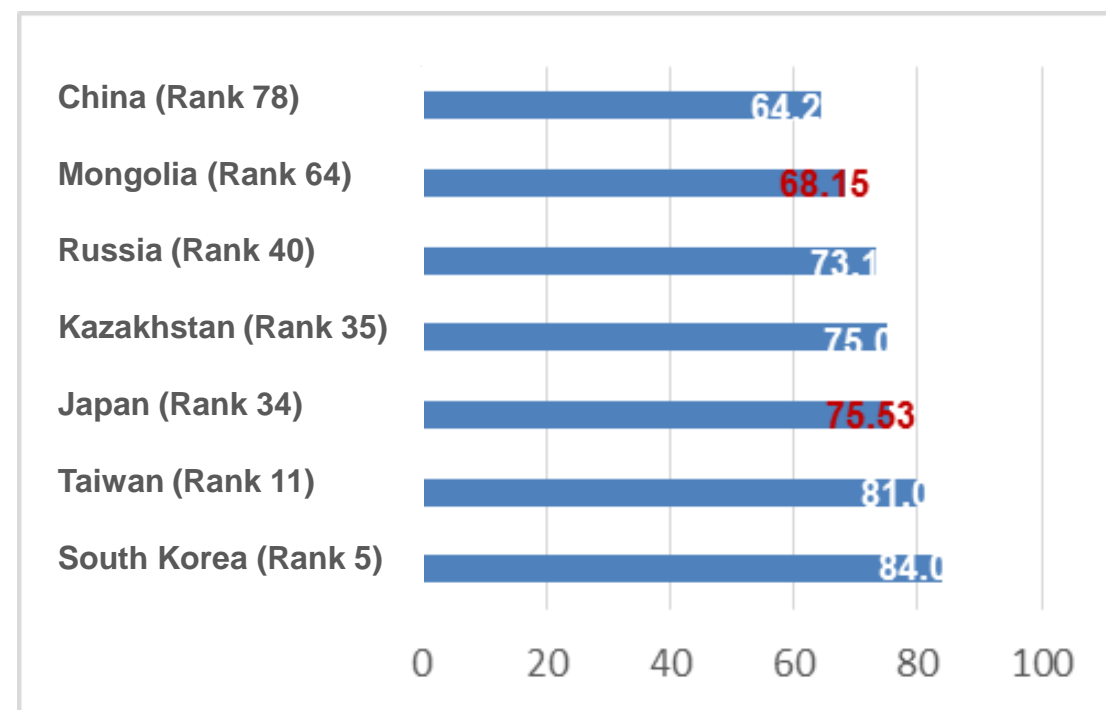


BUSINESS ENVIRONMENT



Doing Business Report 2017
Mongolia is ranked at **64** out of 190 nations

Business environment improved in the region



BUSINESS ENVIROMENT



GDP	11.74 USD
Territory	1,564,116 км ²
Population	3,119,935
Average wage	500 USD
Foreign trade turnover	705.7 USD
Export	428.5 USD
Import	277 USD
Foreign trade balance	151.3 USD



BANKING AND FINANCIAL SERVICES

- Tugrug against USD: 2488.38 MNT
- Policy rate: 14%
- Government Securities bills /3 years/: 18%
- Average loan rate: 20.1%/MNT/, 11.4% /валют/
- Average deposit rate: 13.3% /MNT/, 6.0% /валют/
- Commercial bank: 14
- Representatives office of a foreign legal entity 6
/Sumitomo Mitsui, Tokyo Mitsubishi, Bank of China, EBRD, ING, ICBC/



TAXATION

Individuals

Tax payers: An economic entity that earns gross taxable income for tax years or that is liable to pay tax under the tax law, even though the same income may not have been earned, shall be a taxpayers:

- Mongolian citizens
- Foreign citizens
- Stateless people are taxpayers

Source of Income	Tax Size
Income from salaries, wages, bonuses, incentives, and similar employment income	10%
Income from activities	
Income from property	
Income from immovable and movable property lease	2%
Income from scientific, literary and artistic works, inventions, product and industrial design, organize sports events, art performances and other similar income	5%
Урлагийн тоглолт, спортын тэмцээний шагнал, наадмын буй шагнал-	40%
Income from quiz, gambling and lottery	
Indirect Revenue	10%

Entities

A foreign economic entity that conduct its business activities in Mongolia under its representatives office

The following income of a taxpayers shall be subject to a tax:

- Income from activities
- Income from property
- Income from sale of property

Tax type		Tax Size
Corporate Income Tax	Income within 3.0 billion tugriks	10%
	Income that exceeds 3.0 billion tugriks	25%
Customs Tax		5%
VAT		10%

HEALTHCARE AND EDUCATION SECTOR IN MONGOLIA



ЗАСГИЙН ГАЗРЫН ТӨХИРҮҮЛГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

HEALTH CARE SECTOR

- Total of 1,500 hospitals and 466 private hospitals and 320 pharmacies are in nationwide
- Foreign invested with latest equipment hospitals are 7 which is met with international standards, 7 foreign representative office are providing all kinds of health care services,
- Total of 48,173 professionals who are serving in health sector /by 2016/
- 269 foreign professionals were licensed to engage in health sector by expanding health care sector's foreign relation /by 2016/
- Health and sports industry funded MNT 691.1 billion /2016/



EDUCATION SECTOR



- In Pre-school education, there are total of 1.354 public and private kindergartens, high schools are at 778 and 95 are colleges, universities.
- 4 branches of foreign universities are in UB
- Total of 25.639 professionals who are currently serving in pre-school, 46.577 at primary and secondary education institutions and 12.740 are at colleges & university levels.





ЗАСГИЙН ГАЗРЫН ТОХИРУУЛАГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

Main functions of National Development Agency

- To organize the implementation of the Concepts of Sustainable Development Policy-2030
- To determine the priority sectors of the economy and to develop regional development policy;
- To develop and implement integrated investment policy and National Investment Program
- To develop policy on public and private partnership/PPP/ and concession and to organize the implementation of concession projects
- To conduct comprehensive activities to attract and promote foreign direct investment into the country
- To maintain information database on development policy and planning

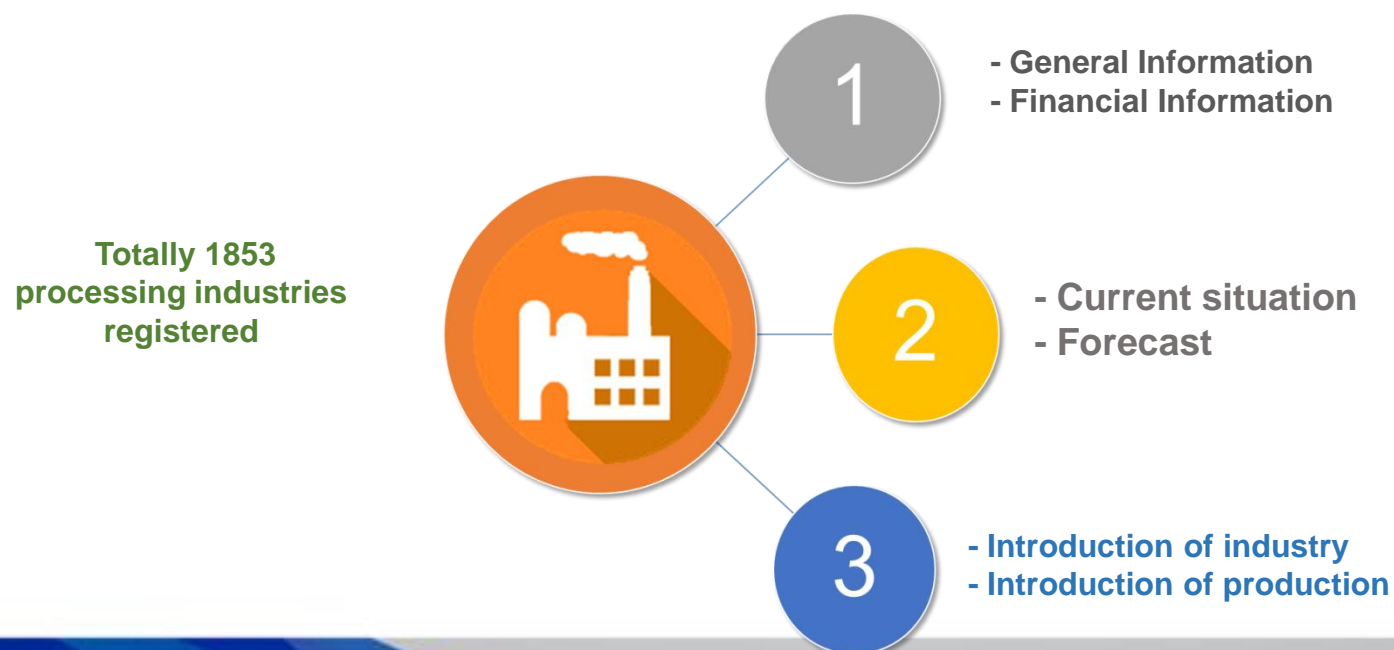
Main functions of National Development Agency

ATTRACTING AND PROTECTING FDI THE GOVERNMENT `S PRIORITY OBJECTIVE

- National Development Authority is developing a medium-term / 3-4 / year of public investment within the framework of the program to ensure fiscal integrity, and improve the sustainability of macroeconomic and investment environment for growth and ensure cross-sectoral policy harmonization.
- National Development Agency is working to develop Investment Reform Map to create favorable investment environment in collaboration with the World Bank.
- “Council for protection of investor’s rights” is established at Cabinet Secretariat of the Government with a view to strengthen the investor protection mechanism
- National Development Agency is working to create the new structure of the systemic investor response mechanism – SIRM.
- Implementation of Concession Law – to coherence of coordination policy on public and private partnership/PPP/.

Main functions of National Development Agency

- Integrated database for development policy planning is led by the National Development Agency, which includes:
 - ✓ Database for all entities within the processing industry across all sectors and activities;
 - ✓ Local development policy database used for medium-term policy planning and for provision of information to policy makers and citizens.
 - ✓ Industry records containing general information, financial information, current and future 34 details 4 groups that assumption. Creating titles and factory space-based geographic information system, database administration, and uploaded the possibility to compare the economic and natural resource zones and infrastructure



FAVOURABLE INVESTMENT ENVIRONMENT

- ✓ Strategic location, access to giant markets
- ✓ Liberal trade policy
- ✓ Rich in natural resources –developing country
- ✓ Highest rank in the livestock per capita
- ✓ Organic food and dairy products
- ✓ Tourism
- ✓ Young and well educated population
- ✓ Foreign –speaking labor force
- ✓ Friendly and hospitable traditions
- ✓ Bank and Financial Services
- ✓ Health care services
- ✓ Opportunities to develop industry and infrastructure
- ✓ Rapid changes in information technology
- ✓ Transport and logistic chain /possibilities cost saving/
- ✓ Lowing taxing regulation in the region
- ✓ Developments real estate sector
- ✓ Community Development

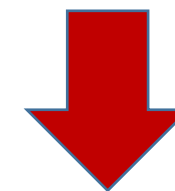


Low- cost business
environment

Advanced high-
technology

Rich resource of raw
materials

Investment



Guaranteed to produce high-quality products to
supply to foreign markets



ЗАСГИЙН ГАЗРЫН ТОХИРУУЛАГЧ АГЕНТЛАГ
ҮНДЭСНИЙ ХӨГЖЛИЙН ГАЗАР

NATIONAL DEVELOPMENT AGENCY

TEL: 976-51-263333

Email: info@nda.gov.mn

Website: www.nda.gov.mn

www.investmongolia.com