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International taxation regulations

In accordance with the "Guidelines for improving the legislation of Mongolia until 2020", approved by the State Great Khural (the Parliament) on January 12, 2017, the Parliament on March 22, 2019, passed a revised version of the package of laws on Taxation.

General Anti-Avoidance Rule, Transfer Pricing Rules, Mutual Agreement Procedure, and Procedure for Exchange of Information with Foreign Tax Authorities are passed and adhered in accordance with revised version of the General Law on Taxation, which is included in this package of laws.

General Anti-Avoidance Rule (GAAR)

GAAR shall be implemented in the case that a taxpayer is found, during a tax audit, to have arranged a tax scheme alone or jointly with others, or to have benefited from tax evasion under the tax scheme, and the relevant tax cannot be re-imposed.

The taxpayer shall be considered to have benefited from the tax scheme under the following circumstances:

- ▶ reduction of tax base or change of exempted income, tax credit, withholding and deductible incomes by accounting method;
- ▶ deferral of tax liability;
- ▶ gaining of an advantage from the deferral of tax liability;
- ▶ reduction of taxable income by increasing the amount of exempt income or non-taxable income; or
- ▶ no taxation of taxable income.

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