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Permanent establishment registration process

Permanent Establishment is defined in Article 6 of the Corporate Income Tax Law and Articles 5 and 7 of the “International Convention on the Prevention of Double Taxation and Tax Evasion on Income and Capital”. In short, a **PERMANENT ESTABLISHMENT** is a unit that fully or partially conducts the activities of a taxpayer in Mongolia.

Scope:

The following units shall be deemed as permanent establishment:

1. units of management of an enterprise;
2. branches and departments;
3. units responsible for training, seminars and exhibitions;
4. units responsible for warehousing, sale and services;
5. units responsible for mines, oil or gas boreholes, and mining of minerals;
6. plants;
7. other departments, units and places.

In addition, the following units, persons, and activities are considered to be permanent establishment:

1. Units undertaking activities with regard to construction sites, buildings, assembling and installation facilities, and other related construction and controlling works for a period of 90 days or more during the course of consecutive 12 months shall be deemed as representative offices;
2. Units providing technical, consulting, management, controlling and other services to taxpayers residing in Mongolia, on its own or through hired skills, for a period 183 days or more during the course of consecutive 12 months shall be deemed as representative offices;
3. Units conducting the following activities in Mongolia on behalf of a taxpayer not residing in Mongolia shall be considered as permanent establishment:
 - a. the storage, sale and supply of goods and products;
 - b. the conclusion of contracts in person or the arrangement for concluding contracts on behalf of a non-resident taxpayer without altering the main conditions of the contracts. Any contract featuring any of the following conditions:
 - c. to be established in the name of a non-resident taxpayer;
 - d. to transfer properties or the rights to use or possess such properties that a non-resident taxpayer owns or, if doesn't own, has the rights to use or possess;
 - e. to provide services offered by a taxpayer not residing in Mongolia.

Any non-resident taxpayer receiving insurance premiums, other than multiple insurance, or offering a risk insurance in Mongolia through other parties shall be considered as having a permanent establishment in Mongolia.

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Practice areas

TAX

Locations

MONGOLIA