

## **LAW OF MONGOLIA**

### **IMPOSITION OF PRICE INCREASE (WINDFALL) TAXES ON SOME COMMODITIES**

#### Article 1. Purpose of the Law

1.1 The purpose of the law is to regulate relations related to imposition of the tax on additional income of price increase for some commodities and its mobilization in a special fund.

#### Article 2. Legislation

2.1 The legislation on imposition of tax on additional income of price increase for some commodities shall consist of General Taxation Law, this law, and other legislation enacted in consistence with these.

#### Article 3. Commodities to impose the tax

3.1 The tax on additional income of price increase shall be imposed on the following commodities:

- 3.1.1 Gold;
- 3.1.2 Copper ore and concentrate.

#### Article 4. Terminology of the Law

4.1 The following terminology used in this law shall be understood as follows:

4.1.1 'Additional income of copper price increase' is the income left after deducting prices and expenses stated in 4.1.2 and 4.1.3 of this law from the copper price on London Metal Exchange;

4.1.2 'Base copper price' is the amount of expenses incurred in extracting ore and producing concentrate, plus 100 percent of that estimated as a profit;

4.1.3 'Copper smelting expenses' are the expenses required for smelting and purifying copper, and price discounts provided for buyers in relation to these activities;

4.1.4 'Additional income of gold price increase' is the income left after deducting 500 USD from per ounce gold price at the London Metal Exchange.

#### Article 5. Payer of the Tax

5.1 Individuals and legal persons who sold the commodities stated in Article 3 of this law, that were extracted on the territory of Mongolia, shall be imposed the tax in accordance with this law.

Article 6. Determining income for imposition of the tax (=taxable income-Dorjdari)

6.1 To determine the income to impose the tax upon for the commodity stated in 3.1.2 of this law, expenses and prices stated in 4.1.2 and 4.1.3 of this law shall be deducted from the copper price at the London Metal Exchange.

6.2 To determine the income to impose the tax upon for the commodity stated in 3.1.1 of this law, 500 USD shall be deducted from the per ounce gold price at the London Metal Exchange.

6.3 To determine the income to impose the tax upon for the commodity stated in 3.1.2 of this law, the base price per ton of copper shall equal 2600 USD.

Article 7. Tax rate

7.1 The tax shall be imposed at 68.0 percent of the income determined in accordance with 6.1 and 6.2 of this law.

Article 8. Determining income for imposition of the tax, payment of the tax to special fund, and reporting

8.1 The tax payer shall correctly determine the taxable income as specified in this law and make payment of the tax to a special fund.

8.2 The person that sold the commodity specified in this law shall prepare the report on tax payment in accordance with the tax legislation and submit it to the tax office.

8.3 The head of the General Department of National Taxation shall approve the forum for the report specified in 8.2 of this law.

Article 9. Monitoring the implementation of the law

9.1 Tax authority shall exert the monitoring over the implementation of this law and the head of the General Department of National Taxation shall approve the methodology and guidelines related to implementation of this law.

***Signature***