



MINISTRY OF FOREIGN AFFAIRS
MONGOLIA

MONGOLIA'S FDI PROMOTION POLICY

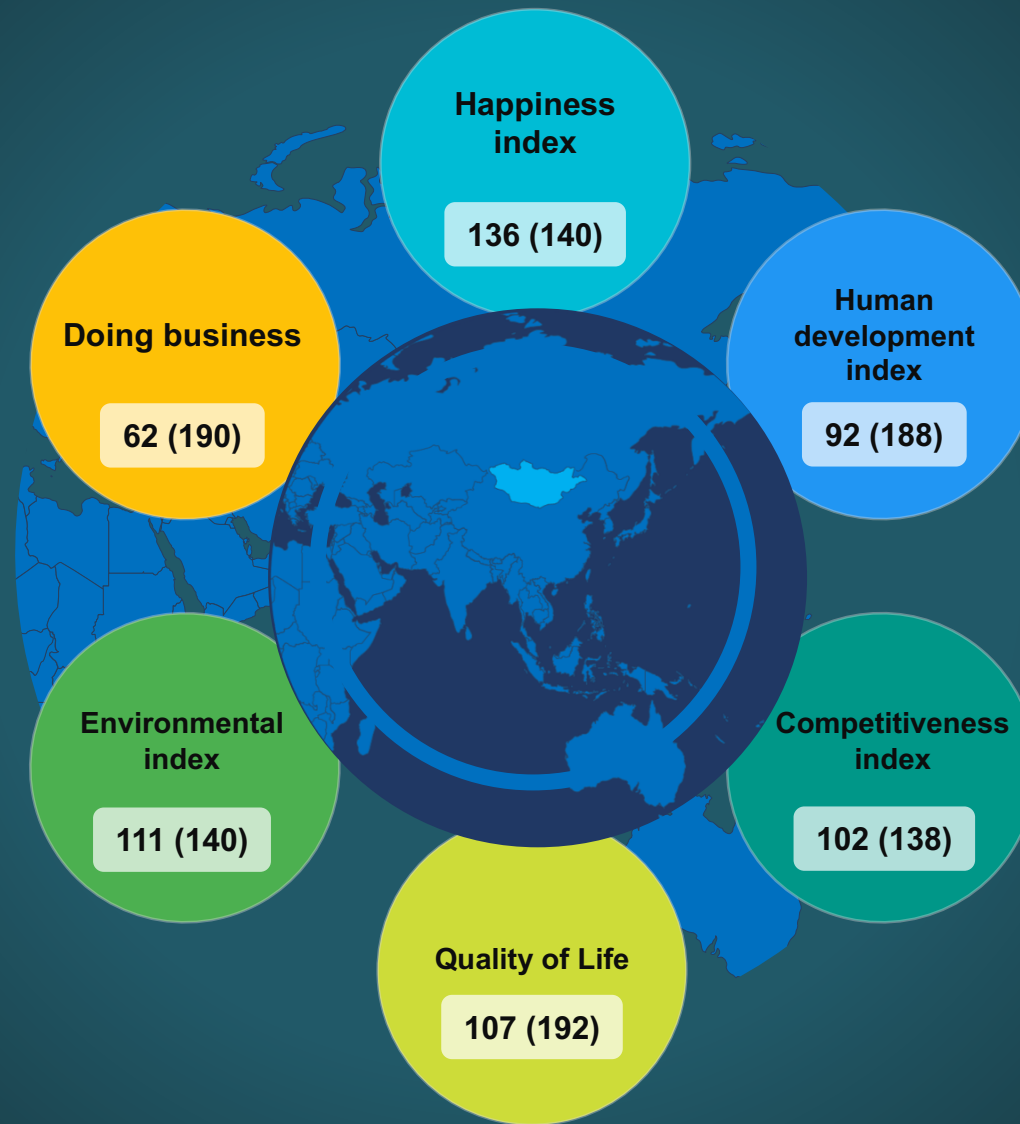
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FOREIGN TRADE & ECONOMIC COOPERATION DEPARTMENT

MINISTRY OF FOREIGN AFFAIRS, MONGOLIA

MONGOLIA: CURRENT SITUATION



by International
indexes

5.1%

GDP GROWTH

15%

FREIGHT
TURNOVER HAS
INCREASED

TRADE BALANCE

1.8

BILLION USD

2

TIMES

BUDGET DEFICIT
DECREASED TWO
TIMES VS.
PREVIOUS YEAR

3

BILLION USD

DOMESTIC
CURRENCY RATE
STABILIZED AND
INCREASING

2.5

TRILLION TUGRIKS

INCREASED
SAVINGS

54%

FDI GROWTH

INVESTMENT PROTECTION

01

1990-2017 OH

Agreement on Promotion and Protection of Investment

– 44 countries, Avoidance of Double Taxation – 30 countries

02

1991 OH

First ever Agreement on Promotion and Protection of Investment

– People's Republic of China

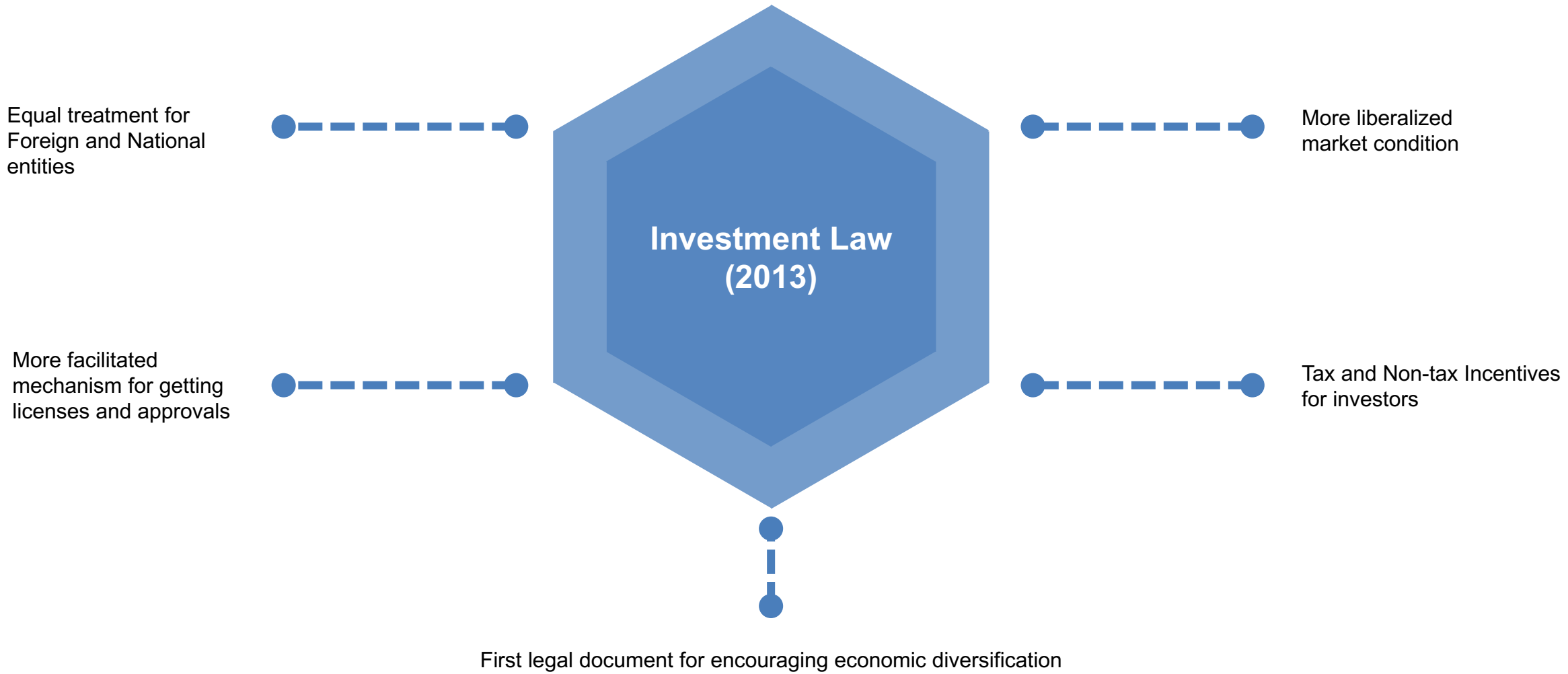
03

2016 OH

The “Investor Protection Council” headed by the Head of Cabinet Secretariat was established by the Government of Mongolia. State secretaries of perspective ministries and the National Development Agency are working as a member of the council. More than 80 grievances have been received and resolutions have already begun.



CURRENT INVESTMENT ENVIRONMENT



INVESTMENT SUPPORT, GUARANTEE

SUPPORT

TAX

NON-TAX

GUARANTEE

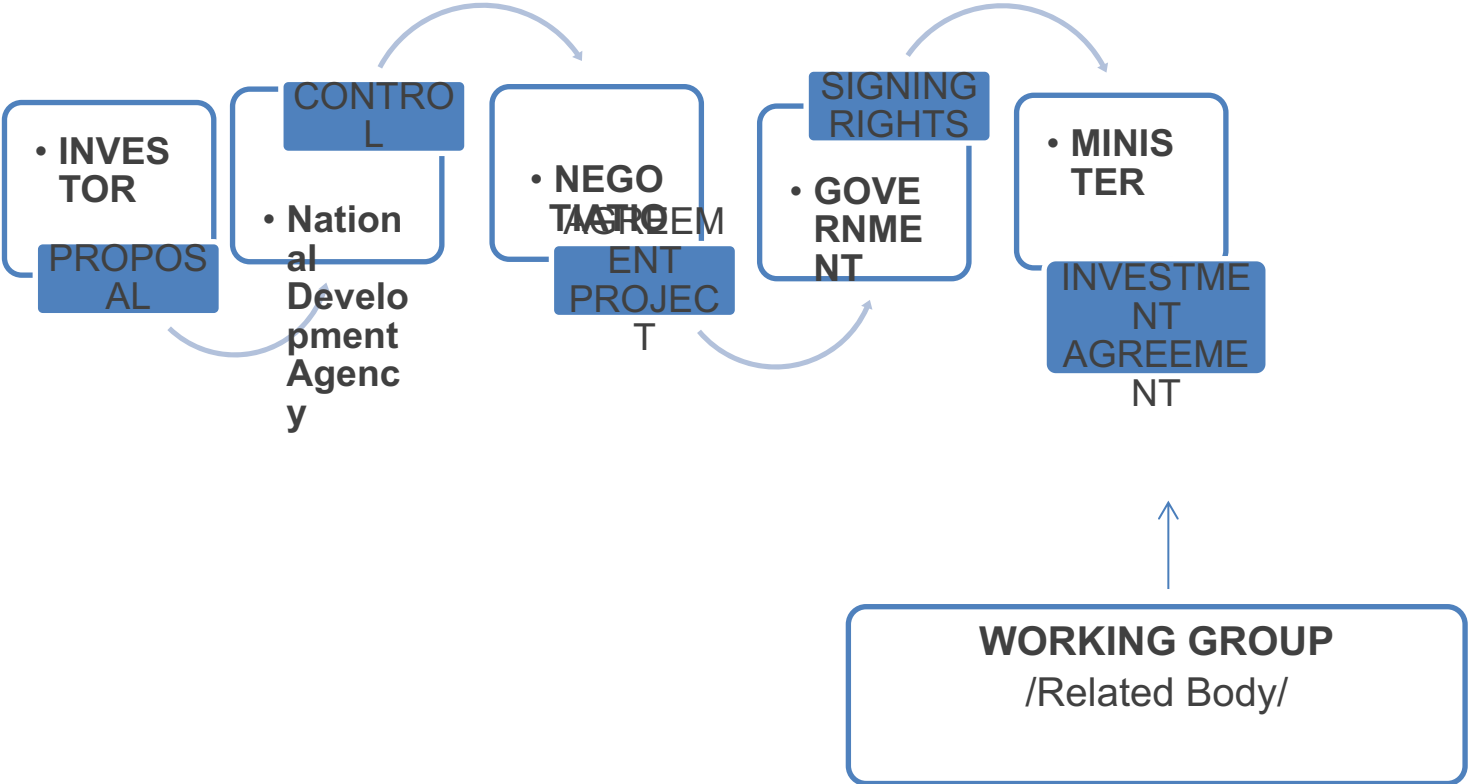
Legal Guarantee:

- ✓ **Investment Agreement**
Tax stabilization and other incentives for projects with investment over 500 billion MNT
- ✓ **Tax Stabilization Certificate**
Stabilization of Corporate Income Tax, VAT, Customs Duty, Royalty
- ✓ **Economy Free Zone**
Tax exemption for initial 5 years
- ✓ Customs Duty exemption for listed **SME equipment**

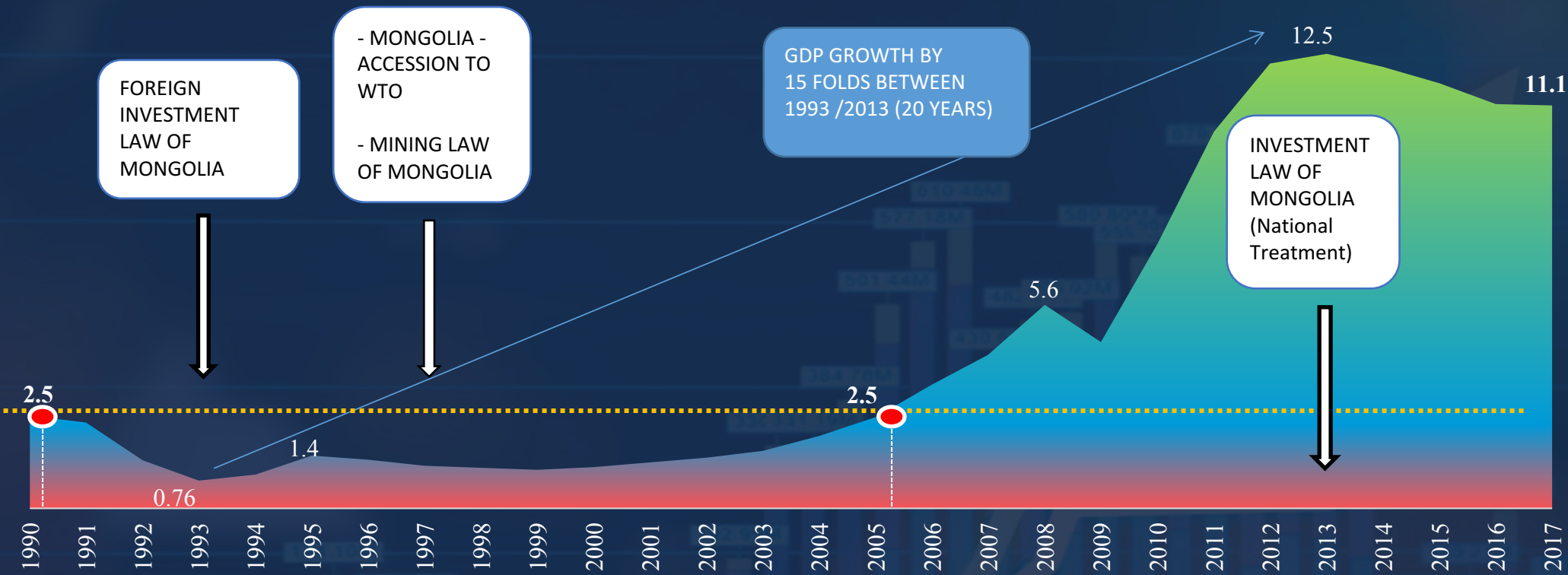
- ✓ **Innovation project and product**
Financial guarantee for production of export oriented innovative products
- ✓ **Alleviated regime of registration and check-point**
Economic free zones
Production & Technological Parks
- ✓ **Land lease and use**
Land lease and use for up to 100 years
- ✓ **Exemption of employment fees**
Infrastructure, production, science and education sector

In accordance with the Investment Law, Government provides Tax Environment Stabilization **GUARANTEE** by issuing **STABILIZATION CERTIFICATE** or by signing an **INVESTMENT AGREEMENT** with investors.
/6.2, Investment Law /

INVESTMENT AGREEMENT- PHASES

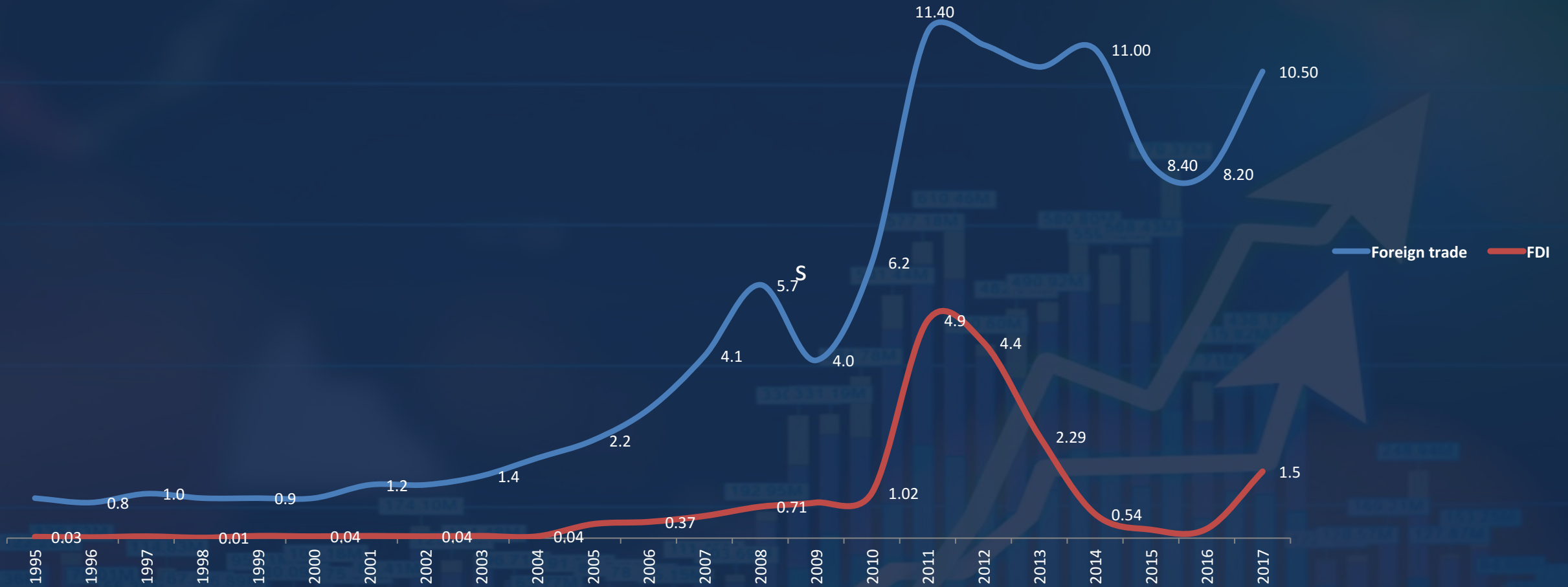


MONGOLIA'S GDP GROWTH (billion USD)



source: BoM, WB

FDI & TRADE TURNOVER OF MONGOLIA (billion USD)



Source: WB, Mongolian Customs Authority

STABILIZATION CERTIFICATE

- ✓ “Tax rate and amount stabilization certificate” means a certificate issued by an authorized organization for the purpose of stabilizing the rate and amount of tax and payment specified in the Law, to an investing legal body that fulfills the requirements specified in Investment Law.
- ✓ Under the stabilization Certificate, the following taxes and rates shall be stabilized during the validity of the certificate:
 - ✓ Corporate Income Tax
 - ✓ Customs Duty
 - ✓ Value-added Tax
 - ✓ Royalty

**ТОГТВОРЖУУЛАХ
ГЭРЧИЛГЭЭ**

(Гэрчилгээний дугаар) _____

Гэрчилгээ эзэмшигч хуулийн этгээдийн нэр: _____
(Хөрөнгө оруулалтын тусгай хуулийн 13.5.2-т зааагдах бол төлөв компанийн)

_____ (Улсын бүртгэлийн дугаар) _____ (Регистрийн дугаар)

_____ (Хуулийн этгээдийн албан ёсны хаяг)

Хэрэгжүүлэх хөрөнгө оруулалтын төслийн нэр: _____

Хамаарах салбар, үйл ажиллагааны чиглэл: _____

Төсөл хэрэгжих газрын байршил: _____

Хөрөнгө оруулалтын нийт хэмжээ /төгрөгөөр/: _____ (тооцоогоор)

_____ (үсгээр)

Гэрчилгээнд заасан хөрөнгө оруулалтаа хийх хугацаа _____ - _____ оны хооронд _____ жил байна.

Тогтворжуулах албан татвар, төлбөр:

1. Аж ахуйн нэгжийн орлогын албан татвар
2. Гаалийн албан татвар
3. Нэмэгдсэн өртгийн албан татвар
4. Ашигт малтмалын нөөц ашигласны төлбөрийн доод хэмжээ

(Албан татвар, төлбөрийн хуви, хэмжээг тогтворжуулах гэрчилгээ олгосон өдөр мөрдөгдөж байсан хуви, тогтоолд эвэсээр тооцно.)

Гэрчилгээ олгосон хугацаа _____ жил бөгөөд _____ оны _____ сар _____ өдөр хүртэл хүчинтэй.

Энэхүү гэрчилгээг Хөрөнгө оруулалтын зөвлөлийн _____ оны _____ сарын _____ өдрийн _____ дугаар дүгнэлтийг үндэслэн Хөрөнгө оруулалтын газрын даргын _____ оны _____ сарын _____ өдрийн _____ тоот тушаалаар олгов.

INVESTMENT AGREEMENT

- ✓ With the aim of maintaining a sustainable environment for operations, Government member in charge of investment affairs shall sign an Investment agreement for the investment of more than 500 billion MNT.

- ✓ The Investment Agreement provides
 - ✓ Legal guarantee established by law,
 - ✓ Tax Environment Stabilization,
 - ✓ Conditions for regulatory and financial support



INVESTMENT AGREEMENT

RELATING TO

BUURULJUUT COAL MINE AND POWER PLANT
INTEGRATED PROJECT

BETWEEN

THE GOVERNMENT OF MONGOLIA

AND

TSETSENS MINING AND ENERGY LLC
POWERCHINA RESOURCES LTD
BODI INTERNATIONAL LLC