



Open talks on taxation



Deduction of expenses under The Proposed Legal Entity Income Tax Law

The proposed new Legal Entity Income Tax Law provides for deduction of certain expenses not allowed or only partially allowed under the current law.

The table below shows the proposed deductions, their limits when applicable as well as non-deductible expenses:

Deductible Expenses	Limited Deductible Expenses
<ul style="list-style-type: none"> • Operating lease payments • interest portion of lease payments • Advertising • Mandatory insurance premiums • Employee bonuses, allowances • Housing, transportation, meals and fuel allowances • Professional periodical subscriptions • Customs fees on imported materials • Training and retraining (not to exceed local norms) • Per-diem (in accordance with government norms) • Fertilizer, animal feed, injections • Transportation • Low value and short lived assets • Workplace safety expenses • Communication, stationary, sanitary and security • Force majeure damages • Inventory depreciation • Software purchases • Mining reclamation expenditures by mineral license holder (if funded) • Resources accumulated in the loss reserve fund of a non-banking organizations 	<ul style="list-style-type: none"> • Voluntary insurance premiums to 15% of taxable income • Finance lease loss reserve funds to 5% of total financial lease payments • Immovable asset maintenance to 2% of book value • Movable asset maintenance to 5% of book value
	Non-deductible Expenses

Next week's tax briefing will discuss the proposed new provisions on depreciation and amortization of capital assets.

This briefing is the twelfth of a series published by the Public Affairs Offices of the Ministry of Finance and the National Department of General Taxation as part of a program of consultations and communications with all Mongolians regarding the tax proposals being considered. Electronic versions of these briefings and draft laws can be found at The Open Government website (www.open-government.mn), the Ministry of Finance website (www.mof.pmis.gov.mn) and the NDGT website (www.mta.mn). Also, these weekly tax briefings are posted on a variety of websites in addition to those shown above. Several of these sites provide the opportunity to give feedback and review discussions. Citizens are encouraged to visit the sites and review the comments and offer their own opinions.