



Open talks on taxation



Personal Income Tax (PIT)

What is it:	A tax applied to all types of individual income: including wages and other income identical to them, self-employment income, income from proprietorship, income from sale of individually prepared inventories and raw materials, capital gains and income from rights, income from remuneration for artistic and sports performances, dividends, income from gambling, herders' income and any other income.									
Who has to pay?	All Mongolians and foreign residents are responsible to pay the PIT.									
What are the tax rates?	<p>Monthly taxable income:</p> <p>0 – 200,000</p> <p>200,000 – 400,000</p> <p>400,000 +</p> <p>Discussion: Each tax rate applies to a different portion of your income. The first 200,000 per month is taxed at 10%, the next 200,000 is taxed at 20%, and income above 400,000 is taxed at 30%.</p>	<p>Rate:</p> <p>10%</p> <p>20%</p> <p>30%</p>								
What is the monthly PIT "credit"?	A Tg 4,000 monthly "credit" (Tg 48,000 total per year) applies to a taxpayer's final tax bill.									
What is PIT's share of total collected revenues?	<div style="text-align: center;"> <p>2004 PIT Revenues (%)</p> <p>2004 Revenues: 686 Billion Tg</p> <table border="1"> <caption>2004 Revenues Breakdown</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Other tax</td> <td>78%</td> </tr> <tr> <td>Non-tax revenue</td> <td>15%</td> </tr> <tr> <td>PIT</td> <td>7%</td> </tr> </tbody> </table> </div> <p>PIT accounts for 7% of total government revenues (other taxes plus all other revenues).</p> <p><u>Number of PIT payers:</u> 2003: 223,027 2004: 260,174</p>		Category	Percentage	Other tax	78%	Non-tax revenue	15%	PIT	7%
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This briefing is the first in a series to be 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 can be found of these briefings 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).

Example: 240,000 Monthly income			Compute YOUR PIT here:
		Tugrig	
	Gross Monthly Income		240,000
	Social Security Tax	10%	24,000
	Income subject to PIT:		216,000
	Rates:		
	PIT-Taxable Income (10%)	10%	200,000
	PIT-Taxable Income (20%)	20%	16,000
	PIT-Taxable Income (30%)	30%	0
	Gross PIT Tax		23,200
	PIT Tax Credit:		-4,000
	Net PIT tax payment:		19,200
Net income after PIT and SS Tax		196,800	
<p>Discussion:</p> <p>In this case, each portion of income is paid at a different tax rate. 10% is applied to the first 200,000, then 20% to the next 16,000.</p> <p>The total PIT tax bill is then 23,200, and the <i>net</i> bill is 19,200 after the credit.</p>			

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