



Open talks on taxation



“The Corporate Income Tax”

<p>Facts About Corporate Income Tax</p>	<p>The Corporate Income Tax (CIT) is a tax on business profits. CIT is, in reality, applicable to more than just corporations. It is actually applied to all economic entities and organizations, so it also applies to some NGOs and other similar organizations.</p> <p>There are currently two CIT rates: 15% and 30%. Companies with profits under 100 Million MNT pay a 15% tax on all profits. Companies with profits greater than 100 Million pay 15% on the first 100 Million MNT, plus 30% tax on the amount of profits above 100 Million MNT. A profit is a general term that, for tax purposes, means taxable income.</p>																			
<p>How Much Revenue Comes From</p>	<p style="text-align: center;">CIT Tax Rates, Thresholds, and Annual Receipts (Millions of Tg):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Rates:</th> <th colspan="2">Government Receipts</th> <th colspan="2">Share of Total Government Revenues</th> </tr> <tr> <th>2003</th> <th>2004</th> <th>2003</th> <th>2004</th> </tr> </thead> <tbody> <tr> <td>15%</td> <td>4,330</td> <td>5,859</td> <td><1%</td> <td><1%</td> </tr> <tr> <td>30%</td> <td>64,451</td> <td>94,045</td> <td>12%</td> <td>14%</td> </tr> </tbody> </table> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p style="text-align: center;">CIT Revenues as Share of Total Taxes</p> </div>	Rates:	Government Receipts		Share of Total Government Revenues		2003	2004	2003	2004	15%	4,330	5,859	<1%	<1%	30%	64,451	94,045	12%	14%
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<p>What is Taxable Income?</p>	<p>For a business entity, taxable income is the amount left over after deducting business expenses from total revenues.</p> <ul style="list-style-type: none"> • Total revenue is generally the total value of all sales for the year. • Business expenses are those that are incurred in order to produce the sales. These include the cost of goods sold (for example: raw materials, supplies, direct labor, etc.), administrative expenses, or other expenses necessary to produce business income. • Some expenses are limited as far as how much can be deducted in computing taxable income. For example, the total marketing, training and retraining of employee expenses are limited to 10% of taxable income. • Other expenses are totally non-deductible, either because they are viewed as unnecessary, or because they are the result of poor management. These include bad debt expense, inventory wear and tear, compensation paid as a result of damages to others by taxpayers, and insurance premiums for other than non-mandatory insurance. 																																																
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