



AUTOMATING VAT ADMINISTRATION OF MONGOLIA

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Mongolia



- **Total area:** 1,564,116 square kilometres
- **Total population:** 3,177,899
- **Language:** Mongolian
- **Political system:** Parliament, President.
- **Official currency:** Tugrug, MNT
- **Major economic activities:** Herding, agriculture and mining.
- **GDP per capita:** 3,436.4 USD /2017/
- **Climate:** continental, seasonal temperature ranges from +35°C to −40°C

POPULATION



3,177,899

LIVE STOCK



66,218,959

GDP GROWTH



6.1%

UNEMPLOYMENT



9.7%

INFLATION RATE



6.0%

FOREIGN TRADE BALANCE



869.3
million.US.dollar

The purpose of the VAT system

- **To reduce the shadow economy**
- **To wrap up cash transaction**
- **To control on tax fraud**
- **To increase the tax revenue**
- **Correct statistical data**

Implementation steps

- Building project team
- Preparing legal framework
- Project implementation processes



Government act for creation of VATPSP Unit
2014.09.04

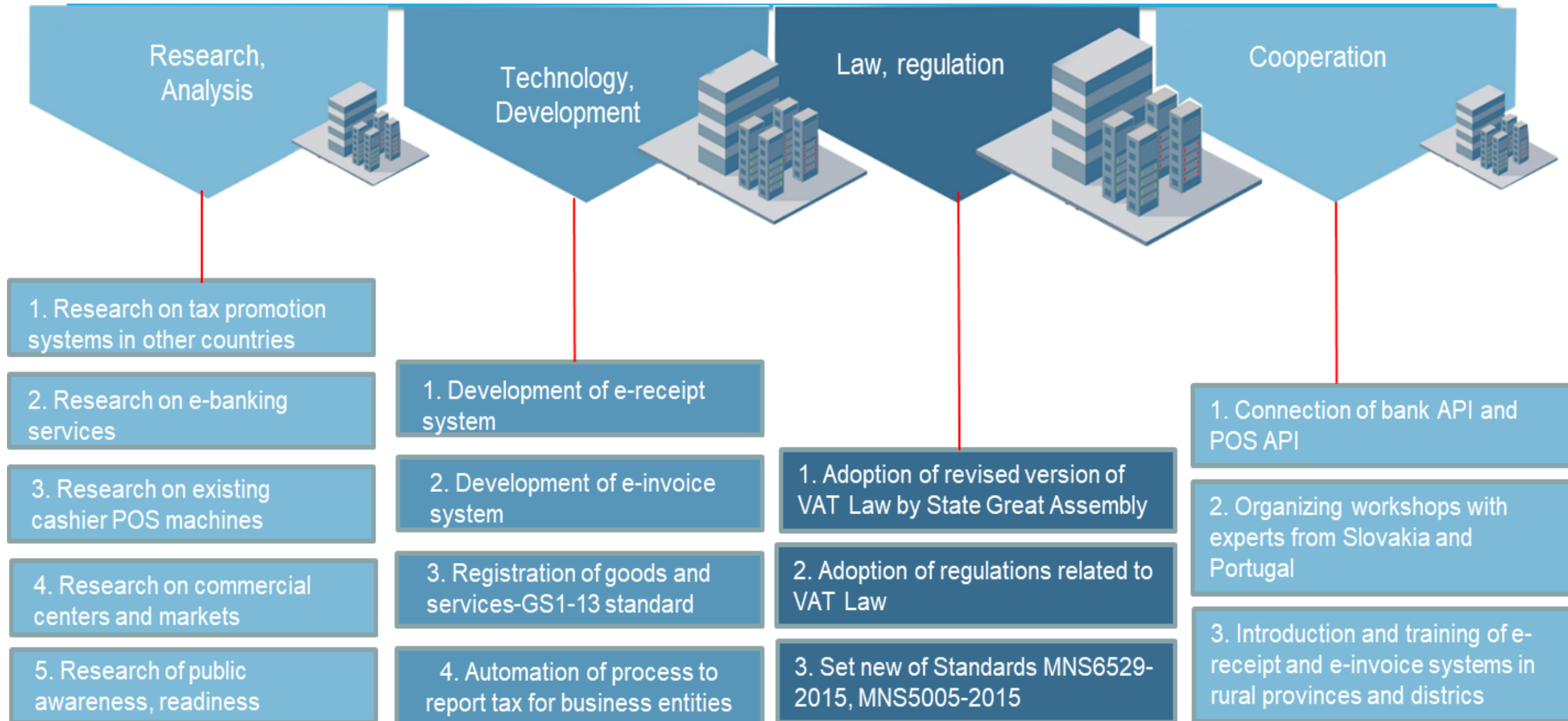
Decree of ministry of Finance
2014.10.13

Decree of director of general department of taxation
2014.10.30

Adoption of revised version of VAT Law
2015.07.09

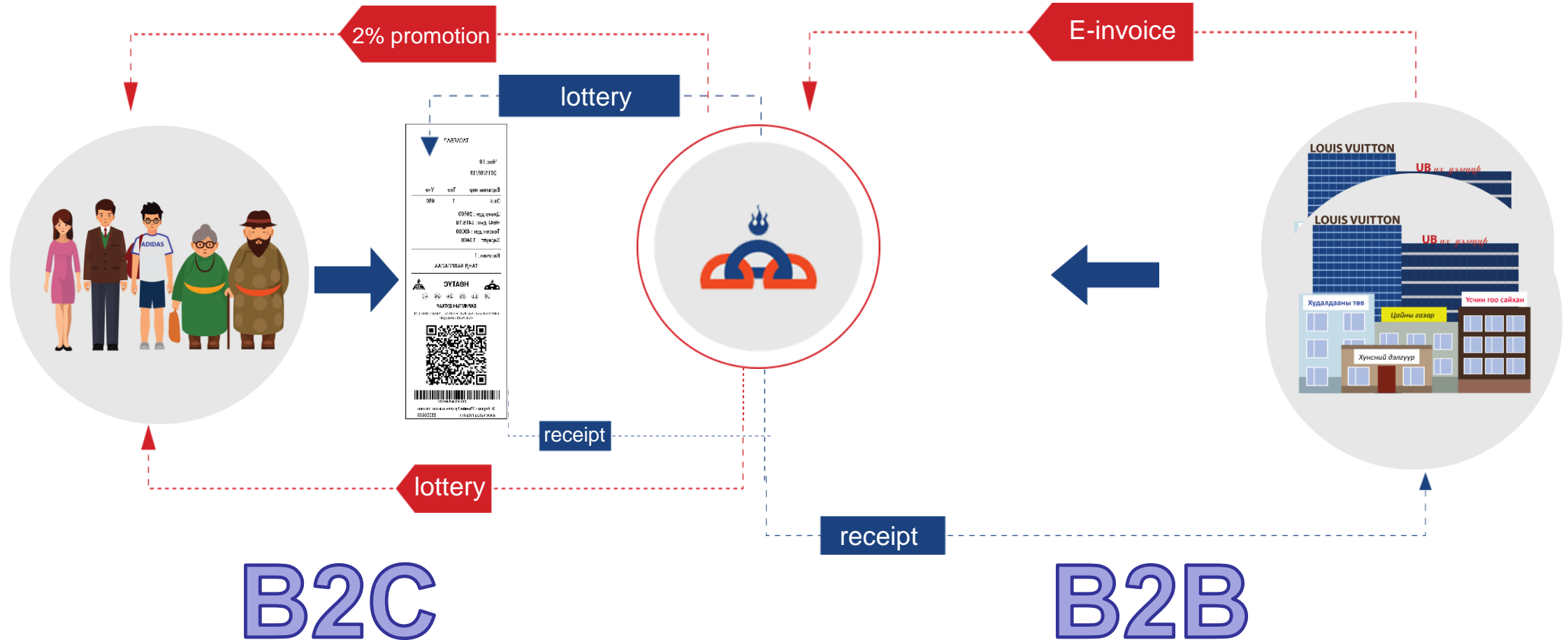
Set new standard on Cashier POS machines and on receipt quality
2015.08.22

Implementation steps



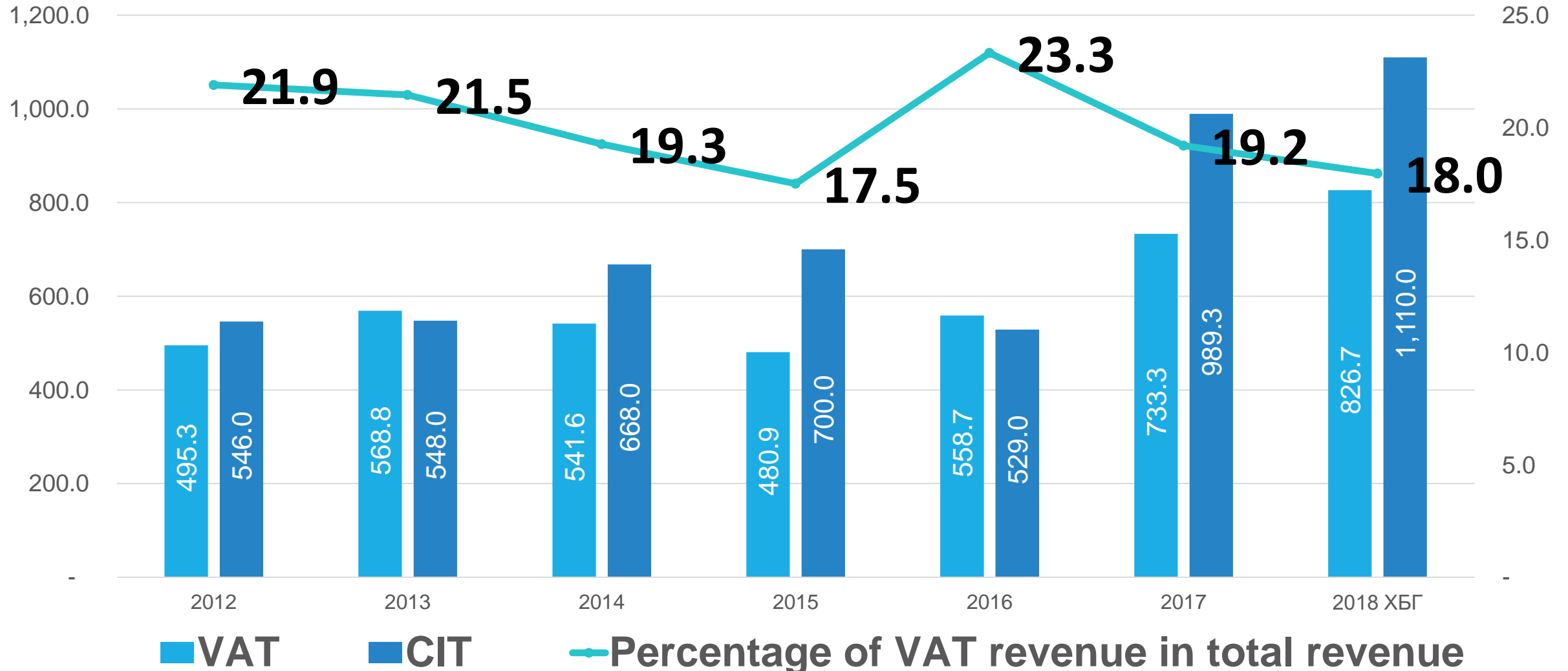
Brief details concerning the operation

VALUE ADDED TAX PROMOTION SYSTEM

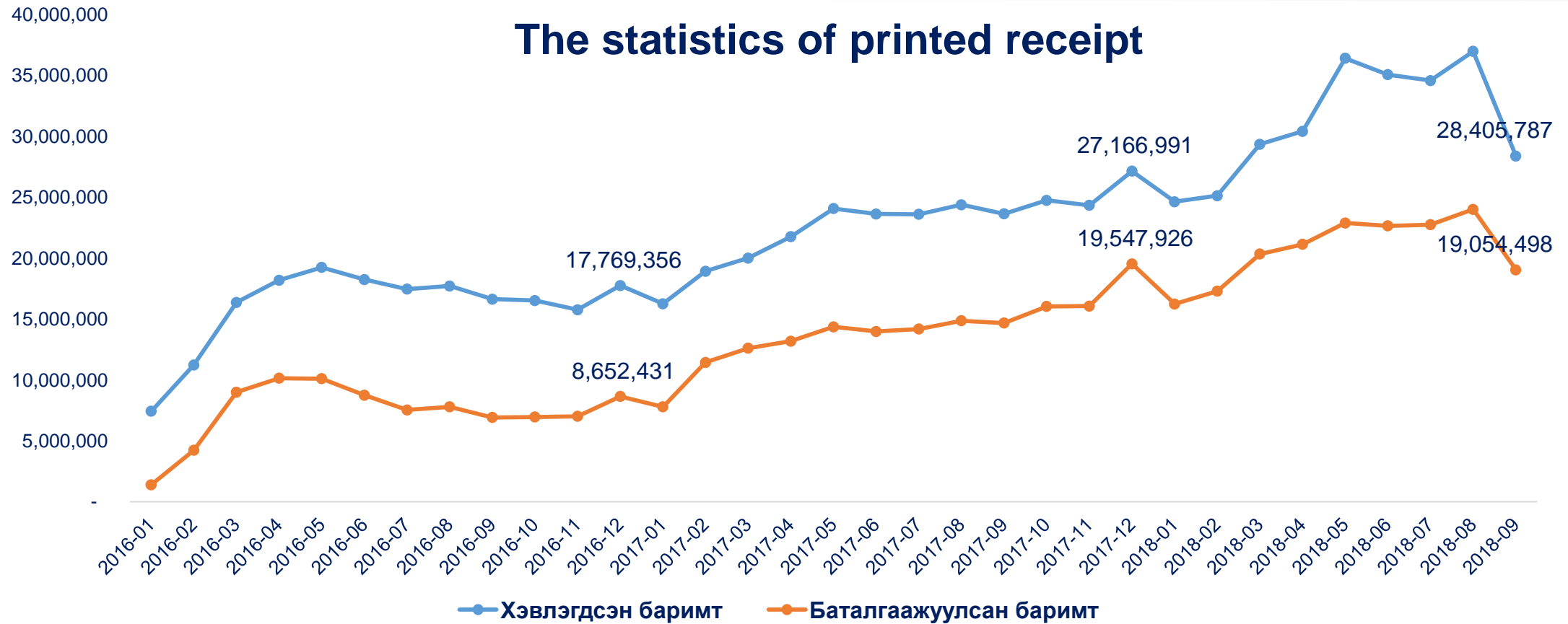


Brief details concerning the operation

Total revenue of the VAT and CIT /as billion tugrik/



Brief details concerning the operation



Date	Printed e-receipt	Confirmed e-receipt
Total of 2016	192,722,949	88,603,169
Total of 2017	272,721,893	168,890,811
By Sep 2018	281,118,842	186,477,686

Brief details concerning the operation

LOTTERY RESULT AS DATE OF 2018.09



Observed positive impacts

FOR THE STATE

- Involved citizen's control against tax fraud
- Decreased shadow economy
- Decreased false VAT invoice fraud
- Increased accuracy to calculate true statistical and numerical data
- Eliminated cost of paper invoice
- Provided services electronically to business entities and citizens
- Collection of VAT increased

FOR BUSINESS ENTITIES

- No need to buy paper receipt**
- Accountants don't need to collect VAT invoice**
- Don't fill manually any more, fill electronically only**
- Increase of sales**

FOR PUBLIC

- Cash back up to 20% of VAT paid
- Increases financial education
- Increase of information technology and information technological education
- Paper receipts are transformed into cash
- Chance to win lottery

Observed negative impacts

- VAT invoice fraud
- Do not issue an e-receipt
- Telling problems to the customer
 - Currently no internet
 - Printer has problem
- 10% cuts if customer doesn't require e-receipt



Future enhancement

- **To expand e-payment**
- **To advertise more frequently to influence the mindset**
- **To motivate customers to inform non compliance to the tax office by the phone call**

THANK YOU FOR YOUR ATTENTION

