

## Key Features of Tax services

Combining an intimate knowledge of Mongolian tax laws and regulations, with experience dealing with foreign investment enterprises, KPMG's Tax practice aims to deliver quality tax services. We have a team of professionals, with an extensive experience and excellent knowledge of Mongolian tax procedures, who can assist the clients in navigating the complex Mongolian tax system. Our advice regularly helps in arranging the most efficient tax structuring, potentially bringing about real cash savings, whilst complying with local requirements.

## Payroll Management Services

Our payroll management service including preparation and submission of Personal income tax and Social Health Insurance returns are performed by highly experienced local tax professionals together with KPMG tax experts from across the globe – Korea, Australia and United Kingdom. We aim to ensure your tax return filings are complete and accurate according to the Mongolian tax laws and regulations.

Our objective for Payroll Management is to provide a streamlined process which reduces the associated administration burden, improves the accuracy and ensures timely compliance.

A key part of this will be gaining an understanding of your business, and agreeing a robust process, which will minimize disruption, ensure that the filing deadlines are met, and that employees are paid correctly and on time.

KPMG has a well established Payroll Management process, operating the end to end payroll process for a number of clients, from the collection of payroll data and preparation of monthly payslips, to the final submission with the authorities.

We set up a checklist and process timeline for each client to make sure that quality of work never varies. This checklist and timeline will be tailored once we have engaged with you to ensure it is mutually convenient, and aligns with your company's processes, requirements and the corresponding deadlines.

## Standard Payroll Service Scope

### a. Payroll Management

- Monthly payroll calculations upon complete pack of information
- Annual leave pay calculations when required
- Sick leave / maternity leave calculations and submissions when required
- Preparation of net pay list as per payment instruction to banks or company respective representative
- Preparation / distribution of monthly payslips

As well as the end to end process detailed above, the service includes the preparation and submission of the following:

### b. Social Health Insurance

- Preparation of monthly SHI return
- Submission of both electronic and paper Social Health Insurance return (ND-07, 08 form) with relevant authorities
- Verification of booklets with relevant authorities
- KPMG notifies Company's designated individual of the payment to be made to the SHI authorities by the last day of the month, and provide payment instructions.

- Registration and issuance of new booklet for the new personnel
- Other necessary reconciliation and year-end adjustments

### c. Personal Income Tax

- Entering the tax calculation into 'Suutgan' tax software
- Electronic filing of quarterly tax return (TT-11 and TT-12 forms) with the Mongolian Tax Authority
- KPMG notifies the designated company individual of the payment to be made to the tax authorities by the 10th day of the following month.

### Cash Handling

In some circumstances, KPMG may also be able to facilitate the cash payments on behalf of our clients to its employees and authorities.

### Security

We take special care to ensure the security and confidentiality of companies and personal information

- Restricted entry within the KPMG office to limit access to confidential payroll information
- Documents are stored in a locked storage.
- Servers and communication devices are located in a controlled server room
- Daily offsite back-ups
- Servers are equipped with intrusion-monitoring devices
- Dedicated team members on your engagement
- Secured platform to share information and data with the client

## Useful information

### New employment tax rates

A new progressive rate of Personal Income Tax is coming into force at the start of the financial year 2018.

Annual employment Income (MNT)	New tax rate
Up to 18,000,000	10%
18,000,001 – 30,000,000	15%
30,000,001 – 42,000,000	20%
Over 42,000,000	25%

However, non-residents shall pay 20% tax on their Mongolian-sourced income under new law change.

Social health insurance rate also increased effective from 1 January 2018 as detailed below.

Contributions	Current	New 2018
Employee	10% capped	11% capped
Employer	11-13%	12-14%%

*Please note that the above is a high level overview, and thus should not be relied upon without seeking advice based on your personal circumstance.*

### Next steps

If you have any questions regarding the above, or would like to engage with KPMG for assistance with Mongolian tax compliance services, then please get in touch with Nicole or Nara using the contact details below.

#### KPMG Mongolia GMS contacts:

Nicole Woodcock  
 Email: [nnicole@kpmg.com](mailto:nnicole@kpmg.com)  
 Mobile: +976 9934 1307



Naranjargal Ganbat  
 Email: [nnaranjargal@kpmg.com](mailto:nnaranjargal@kpmg.com)  
 Mobile: +976 9700 0311

