

# LAW OF MONGOLIA

## ON FEES FOR THE HARVEST OF TIMBER AND FUEL WOOD

May 19, 1995

Ulaanbaatar City

### CHAPTER ONE

#### GENERAL PROVISIONS

##### **Article 1. Purpose of the Law**

1.1 The purpose of this law is to regulate fees for harvest of forest timber and fuel wood by citizens, economic entities and organizations and procedures for paying these fees to the State budget.

##### **Article 2. Legislation on Harvest of Timber and Fuel Wood Fee**

2.1 The legislation on Harvest of Timber and Fuel wood Fees (hereinafter referred to as "fees") shall consist of the General Law on Taxation, the Law on Forests, the present Law and other legislative acts issued in conformity with them.

##### **Article 3. Fee Payers and Their Registration**

3.1 Mongolian citizens, foreign citizens, or persons with no citizenship (hereinafter referred to as "citizens") cutting trees for any purpose from the Forest Reserve which is the state property of Mongolia shall pay a forest use fee.

3.2 The issuance of a permit for cutting timber and fuel wood shall be regulated by the Forest Law of Mongolia.

3.3 Soum or District shall appoint an official authorized to collect fees for cutting trees for timber or fuel wood.

3.4 The official appointed by a Soum or District governor shall submit information on economic entities or organizations permanently engaged in forest use to the respective tax office within ten days after the issuance of such permit. Based on this information, the tax office shall register fee payers.

3.5 The information on fee payers shall include information needed for tax control such as the name of the economic entity or organization, address, State registration number, Forest Reserve location, duration and amount of use.

##### **Article 4. Items Subject to Forest Use Fees**

4.1 A timber and fuel wood fee shall be imposed for cutting of any kind of tree in the forest for any purpose.

##### **Article 5. Basis for Forest Use Fees**

5.1 The following indicators shall be used to assess fees for the harvest of timber and fuel wood:

5.1.1 for harvest of timber and fuel wood by cutting live trees and using the tree trunk, the fee shall be based on the dense square meter for logs only and scarce square meters for tree tops and branches;

5.1.2 for harvesting fuel wood by clearing stumps, fallen parts, tree tops and branches, the fee shall be based on scarce square meters; and

5.1.3 for collecting saxaul for fuel wood by a citizen, the fee shall be based on tonnage.

##### **Article 6. Forest Use Fee Amounts**

6.1 Fees for harvest of timber referred to in subparagraph 1 of Article 5 of this Law shall be 6 to 30% (per cent) of the Forest Reserve ecological and economic assessment and fees for harvest of fuel wood defined in subparagraphs 1, 2, and 3 of the same Article shall be 2 to 10% (per cent) of the Forest Reserve ecological and economic assessment.

6.2 The Government shall set variable fee rates for harvest of timber and fuel wood in different forest regions pursuant to the limits provided in the paragraph 1 of this Article based on the Forest Reserve ecological and economic assessments, the transportation distance of transportation, and the type of trees.

6.3 The transportation distance for an economic entity or an organization engaged in cutting trees for timber and fuel wood shall be equal to the distance between the harvesting site and the bottom station or, if there is no bottom station, it shall be equal to the distance between the harvesting site

and the economic entity's or organization's main site, or, if there is no such location, then equal to the distance between the harvesting site and the nearest Soum or Aimag center.

6.4 For cutting cedar with a special permit, the fee shall be three times the fee for larch in the same forest zone.

#### **Article 7. Exemptions and Deductions from Forest Use Fees**

7.1 A fee payer shall be exempt from fees for cutting trees for timber, if the purpose is:

7.1.1 to protect afforestation areas or the sources of springs;

7.1.2 to build an office for rangers in border areas.

7.2 Citizens, economic entities and organizations may receive a discount in fees for harvest of timber and fuel wood by cleaning the forest through uprooting or collecting fallen limbs, ends, and stumps and by maintaining the forest.

The discount rate shall be determined by the Government.

#### **Article 8. Forest Use Fee Payment and Reporting**

8.1 Economic entities and organizations permanently engaged in cutting trees for timber and fuel wood shall pay the respective forest use fee for the type and amount of trees to be harvested before obtaining a permit pursuant to an agreement with an official in charge of forestry issues of the respective Aimag or Soum. Amount of forest use and respective forest use fee of economic entities and organizations shall be reviewed by a local official appointed by respective Soum Governor, and shall be paid by the 25th of the last month of each quarter in a given year. The annual payment report shall be submitted by January 10 of the following year to the respective tax office and complete a final accounting.

*(The paragraph was amended January 27, 2000)*

8.2 Citizens, economic entities or organizations other than those identified in paragraph 1 of this Article, shall pay the fee in cash to the official nominated by the Soum or Duureg governor or by bank transfer to the Soum or District budget each time a permit is issued.

8.3 The official appointed by the Soum or District Governor to collect cash pursuant to paragraph 2 of this Article shall deposit the cash in the respective Soum or District budget account.

8.4 Annual Fee Reports on payment of forest use fees for cutting trees for timber and fuel wood shall be submitted according to the following deadlines:

8.4.1 by January 10 of the following year, officials appointed by Soum and District Governors shall submit Annual Fee Reports to the respective Soum or District tax departments for fees paid to Soum or District budgets both in cash and by bank transfer;

8.4.2 by January 15 of the following year, Soum and District reports shall be submitted to the Aimag and Capital City tax departments;

8.4.3 by February 1 of the following year, Aimags and Capital City reports shall be submitted to State General Tax Department;

8.4.4 by February 15 of the following year, the State General Tax Department shall prepare a consolidated State Annual Fee Report.

8.5 The payment report form shall be adopted by the State General Tax Department.

#### **Article 9. Refund of Payments**

9.1 Fees paid in accordance with paragraph 2 of this Article can be refunded in the following cases:

9.1.1 if paid in excessive amounts;

9.1.2 if an organization or an official authorized to issue a permit or a license has invalidated an issued permit.

9.2 Refund of payments to economic entities or organizations referred to in paragraph 4 of Article 3 of this Law shall be regulated by the General Law on Taxation.

#### **Article 10. Complaints on Payments**

10.1 Complaints regarding forest use fees paid shall be submitted to tax office of the respective level by citizens, economic entities or organizations within 30 calendar days after payment. If a citizen, economic entity or organization does not agree with the decision of the tax office of the respective level, it may appeal to the courts.

#### **Article 11. Penalties for Violation of Legislation on Forest Use**

11.1 If violation of paragraph 3 of Article 8 of this Law is not subject to the Criminal Code, a tax inspector may apply the following penalties on an official authorized to collect forest use fees:

11.1.1 for failure to collect or partial collection of forest use fees, or

confusion of documentation or failure to deposit forest use fees collected in cash into the respective budget, the responsible person shall be subject to a fine of up to 25,000 Tugrig.

11.2 Penalties for fee payers defined in this Law shall be regulated by the General Law on Taxation.

**Article 12. Control over Implementation of the Legislation**

12.1 The State General Tax Office, the State Administrative Central and Local Organizations in charge of nature and environment, Governors of all levels and other organizations and officials authorized by law and regulation shall exercise control over the implementation of this Law pursuant to their respective powers.

**Article 13. Effective Date of This Law**

13.1 This law shall take effect on July 1, 1995.

**N. Bagabandi**

SPEAKER OF THE PARLIAMENT