

OFFICIAL TRANSLATION

THE MONGOLIAN LAW ON WATER AND MINERAL
WATER USE FEES

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Ulaanbaatar

Article 1. Purpose of this Law

The purpose of this Law is to regulate the fee requirements for the use of water and mineral water by citizens, economic entities, and organizations and incorporating these fees into the State budget.

Article 2. Legislation on Water and Mineral Water Use Fees

The legislation on water and mineral water use fees (hereinafter referred to as "fees") consists of the General Law on Taxation, the Law on Water, the present Law and other legislative acts issued in conformity with them.

Article 3. Fee Payers and Their Registration

1. Citizens of Mongolia, foreign citizens, persons with no citizenship (hereinafter referred to as citizen"), economic entities, and organizations using water, mineral waters and/or riparian zones in Mongolia for any purpose shall be fee payers.

2. The issuance of permits to water and mineral users shall be regulated by the Mongolian Law on Water.

3. Officials issuing water and mineral water use permits shall, within ten days after issuing such permit, submit to the tax department information on economic entities and organizations permitted to use water and mineral water reserves for production or service purposes. Based on this information, the tax department shall register fee payers.

4. The information on fee payers shall include information necessary for tax control such as the name of the economic entity or organization using water and mineral waters, their address, State registration number, the water or mineral water location, as well as the duration of use and equipment capacity.

Article 4. Items Subject to Fees

A fee shall be imposed for the use of water, mineral water and riparian zones for the following purposes:

1/ potable water and water used for household needs, production and service purposes;

2/ mineral water used for medical treatment, health, heating, production and service purposes;

3/ riparian zones used for production and service purposes including producing energy, transportation, breeding and/or raising water flora and fauna.

Article 5. Assessment of Water Reserves

The Government shall approve ecological and economic assessments of water reserves on the basis of recommendations by the State Administrative Central Organization in charge of nature and environment.

Article 6. Assessment Indicators for Fees

1. The following indicators shall be used to assess fees for the use of water and riparian zones:

1/ for production and service purposes such as hydroelectric power stations, water transportation, breeding and raising of water flora and fauna, travel and sport, the fee shall be calculated as a percentage of the production or service sales income;

2/ for potable water and water used by citizens, economic entities and organizations for household, production, service and commercial purposes, the fee shall be calculated according to cubic meters of water used.

2. The following indicators shall be used to assess fees for mineral water use:

1/ for medical treatment and health purposes, the fee shall be calculated according to the number of people treated or served multiplied by the number of days of treatment or service;

2/ for production purposes, the fee shall be calculated according to the cubic meters used; and

3/ for heating, the fee shall be calculated according to the cubic meters of space heated.

Article 7. Fee Rates and Amounts

1. Fee rates and amounts for water use shall be determined according to the fee assessment indicator units described in paragraph 1 of Article 6 of this Law and within the following limits:

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Water Subject to Fees	Unit	Fee Limits	
		Surface and Well Water minimum - maximum fees	Ground Water minimum - maximum fees
1. Income earned from production or services such as hydroelectric power stations, water transportation, breeding of commonly distribute water flora and fauna, travel and sport.	%	0.1-0.5	
2. Per cubic meter for potable water and water used for household purposes.	Tugrig		1.00 - 10.00
3. Per cubic meter of water used for production, services or commerce by citizens, economic entities or organizations.	Tugrig	1.00 - 5.00	1.00 - 20.00

2. Fee rates and amounts for mineral water use shall be determined according to the fee assessment indicator units described in paragraph 2 of Article 6 of this Law and within the following limits:

Mineral Water Subject to Fees	Unit	Fee Limits (in Tugrig)	
		Hot minimum - maximum fees	Cold minimum - maximum fees
1. For use in medical treatments and for health purposes.	person /day/	10 - 50	5 - 40
2. For use as primary or supplementary commercial raw materials.	cubic meters	500 - 1,500	1,000 - 3,000

3. The rates and amounts for water use fees shall be determined by the Government within the limits established in paragraph 1 of this Article. The rates and amounts for mineral water use fees shall be determined by the Aimag or Capital City Citizen Representative Khurals within the limits established in paragraph 2 of this Article.

4. For the use of hot mineral waters for heating purposes with no impact on its main use, the fee shall be fifty per cent (50%) of the fee for heating in the local area.

5. For the use of natural hot springs for heating purposes, the fee shall be not more than fifty per cent (50%) of the fee for heating in the local area. For use in services or for household purposes, the fee shall be not more than fifty per cent (50%) of the water and mineral water use fee as determined by the Aimag or Capital City Citizen Representative Khurals.

6. The fee rates and amounts set out in paragraphs 3 and 5 of this Article shall differ from each other depending on the local environment and climate conditions and in consideration of the quality, form, or purpose of use of the water or mineral water reserves.

Article 8. Fee Exemptions and Discounts

1. A fee payer shall be exempt if the purpose of water use is any of the following:

- 1/ for potable water or water used for household needs, livestock, animals, and family vegetable gardens;
- 2/ for extinguishing fires and fighting other natural disasters; and
- 3/ for reuse of water for industrial technological needs.

2. If water is used for the following purposes, the fee may be reduced by a certain percentage as established by the Government:

- 1/ where water mineral content is reduced during use;
- 2/ rehabilitation of natural resources by protecting, breeding or introducing wild animals and cultivation of plants.

Article 9. Fee Requirements, Payment, and Reporting

1. Fee payers with a proper permit for use of water reserves for production or service purposes shall calculate the monthly fee based on the amount of water used as measured by a water measurement device or, if there is no such device, then by calculating the amount based on the processing technology and equipment capacity, or the amount of water needed per product unit and pay the monthly fee to the local budget by the 10th of the following month and submit an annual fee report and final accounting to the relevant tax department by the 10th of January of the following year.

2. Fee payers with a permanent permit for the use of mineral water reserves shall calculate the monthly fee for mineral water used for medical treatment and health purposes based on the number of person/days for people treated for health purposes, and the amount of mineral water used for heating shall be calculated based on the volume of space heated, and the amount of mineral water used as raw material for commercial purposes shall be calculated by a water measurement device or, if there is no such device, then by calculating the amount based on the processing technology and equipment capacity, or the amount of water needed per product unit and pay the monthly fee to the local budget by the 10th of the following month and submit an annual fee report and final accounting to the relevant tax department by the 10th of January of the following year.

3. Citizens individually using mineral water reserves which have an established treatment quality and composition and which are regularly used at the local level shall pay the cost per day for medical treatment to an official appointed by the Soum or Duureg Governors in cash or by bank transfer to the local budget.

4. The official appointed by the Soum or Duureg Governor shall submit upon receipt the fees collected in cash to the Soum and Duureg budgets as provided in paragraph 3 of this Article.

5. Annual fee reports for water, mineral water, and riparian zone use shall be submitted by the following dates:

1/ by January 10 of the following year, officials appointed by local Soum and Duureg Governor shall submit reports on fees paid to the local budget in cash or by bank transfer to the local Soum and Duureg tax department;

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

3/ by February 1 of the following year, Aimag and Capital City reports shall be submitted to the State General Tax Office;

4/ by February 15 of the following year, the State General Tax Office shall prepare a State consolidated fee report.

6. Fee report forms shall be approved by the State General Tax Office.

Article 10. Fee Refunds

1. Fees paid in accordance with paragraph 3 of Article 9 of this Law may be refunded in the following cases:

1/ if paid in excessive amounts;

2/ if for valid reasons, mineral water is no longer usable.

2. Refunds of payments to payers as defined in paragraph 3 of Article 3 of this Law shall be regulated by the General Law on Taxation.

Article 11. Fee Complaints

Citizens, economic entities, and organizations shall submit their fee complaints to the relevant tax department within 30 calendar days of submitting fees. Where the decision of that tax department is not accepted, complaints may be submitted to the courts.

Article 12. Liability for Violation of Legislation on Water and Mineral Water Use

1. If violation of paragraph 4 of Article 9 of this Law is not subject to the Criminal Code, a tax inspector may impose the following penalties on an official authorized to collect fees:

1/ for failure to collect or partial collection of fees, or confusion of documentation and accounting, or failure to deposit fees collected in cash into the relevant budget, the person responsible shall be subject to a fine of up to 25,000 Tugrig.

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

Article 13. Control Over Implementation of Legislation

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 14. Effective Date of this Law

This Law shall take effect on July 1, 1995.