

Law of Mongolia on Land fees

April 24, 1997
Ulaanbaatar

Article 1. Purpose of law

The purpose of this law is to charge citizens, business entities, and organizations with fees for possessing and/or using state-owned land, and to regulate the relations arising from paying the fees to the state budget.

Article 2. Legislation on land fee

The legislation on land fees shall consist of the Land Law, General Law on Taxation, this Law and other legislative acts issued in conformity with these laws.

Article 3. Land fee payer

Mongolian citizens, business entities, or organizations possessing or using land based on contracts made according to the terms and conditions of the Land law, and foreign diplomatic missions and consular offices, representative agencies of international organizations, foreign legal bodies and citizens and stateless persons that use land shall be land fee payers.

Article 4. Land subject to fee charge

Land fees shall be charged for lands falling under the main classification of the unified land territory or special usage land specified in Article 10 of the Land law and possessed or used by citizens, business entities, or organizations according to land possession and/or usage contracts.

Article 5. Land base rate and determining it

1. The land base rate shall be determined by the Government.
2. The following principles shall be followed in establishing land base rate:
 - 1) the land rate of cities, villages, and other settled places shall be determined depending on their rank, location, engineering facilities, social, economic, engineering, geological and environmental conditions and their utilization purpose
 - 2) rates of lands except those referred in 1) of this paragraph shall be determined differently for each zone depending on their purpose of use, geographical location, and as well as income differential caused by the land fertility and yield.
3. Division of **unified land territories** by integrated natural and territorial conditions into rating zones and the value ratings of cities, villages, and other settled places shall be determined by the Government.

Article 6. Indicators used in estimating land fees and determining the indicators

1. The units of indicators used to set land fees shall be determined as follows:
 - 1) **the fee of land possessed or used as pastureland is to be estimated as a percentage of the base rate of the unit square of the land and for per head of livestock animal converted to sheep head equivalent;**
 - 2) Land fee shall be charged for each km of land under roads or networks referred in Article 13 of the Land law

- 3) For lands other than those referred in 1 and 2 of this paragraph, land fee shall be charged at a percentage of the base value of one hectare land.
2. When setting the land fee of pastureland by converting the number of livestock heads into sheep heads, the number of horses counted at the end of the previous year should be multiplied by 6.0, cattle – by 6.0, camels-by 5.0, and goats –by 0.9.
3. Land fee charged for the base rate of land under cities, villages and other settled places maybe increased or decreased - within the ranges specified in 3), paragraph 1, Article 7 of this law- by ratios dependent on their engineering facilities, purpose of use, location, environmental impact, and the need to protect the green belt. The boundary of land to which a ratio is to be applied and the ratio value shall be determined by the Citizens' representatives meeting of soums and districts.
4. Land fee shall be determined according to the total size of the possessed and/or used land.
5. When determining the fee of land allocated to foreign diplomatic missions and consular offices, if considered necessary the principle of reciprocity with the country shall be followed.

Article 7. Amount and percentage of land fee

1. Land fee shall be established by the indicators stated in Article 6 of this law as percentage of the land base rate, within the following range:
 - 1) land fee range for per head of sheep pasture is 0.01-0.03 %¹;
 - 2) land fee range for per hectare possessed and/or used land allocated for cultivation and haymaking- 0.01-0.03 %;
 - 3) land fee range for per hectare possessed and/or used land of cities, villages, and other settled places - 0.1-1.0 %;
 - 4) the minimum land fee for per km land of roads and networks is 1500 MNT , and the maximum –7500 MNT;
 - 5) land fee range for lands other than those referred in subparagraphs 1) to 4) of this paragraph is 0.01-0.03 %;
2. The amount of land fee shall be determined by the Government, within the ranges specified in paragraph 1 of this Article, for each agricultural land zone, city, village, and other settled places according to their land rate.
3. The fee of land under agricultural buildings and facilities shall be twice as low as the land fee of the nearest city, village, and other settled places in the land.
4. The fee of a mining operation field shall be set twice as high as that of the zone of agricultural land rating, or city, village, or other settled place existing on the field prior to the start of mining.
5. The fee of land with forest or water reservoirs² shall be twice as high as that of the nearby agricultural land rate zone, or city, village, or other settled place.
6. For citizens, companies, and organizations running activities in conformity with appropriate legislation and contracts, on the territory of specially protected areas,

the land fee of these areas as they belong to agricultural land rate zone, or city, village, or other settled place rate shall be increased three times.

7. The fee of land used for travel and tourism purpose shall be the same as that of the nearest agricultural rate zone or city, village, or other settled place.
8. The fee of land left fallow or uncultivated for a year without an official decision of authorities shall be the same as the fee for crop land of that agricultural zone.

Article 8. Exemption from land fee

1. The following payers shall be exempt from land fees for possessing and/or using the below mentioned lands:
 - 1) herder families, exempt from fees for pastureland and hay fields;
 - 2) Mongolian citizen, exempt from 90 % of the fee for up to 0.07 hectare land possessed and used by him or her for residential use;
 - 3) Mongolian citizens, business entities, and organizations - from fees for border strips
 - 4) Mongolian citizens - from fees for land made to be possessed by them so that the natural, historical, and cultural valuable objects can be kept and protected;
 - 5) Lands for a kindergarten, nursing home, children's camp, secondary school, and an orphanage, regardless of their ownership – from land fees;
 - 6) Citizens, business entities, and organizations –from land fees, for up to first 5 years, for possessing and using lands planted with perennial and leguminous plants in order to improve soil structure and/or to transplant to pastureland;
 - 7) Citizens, business entities, and organizations –from land fees, until the first harvest, for possessing and using lands planted anew with perennial plants, fruits and berries;
2. The Government shall decide whether to provide land fee partial or whole exemption to citizens, business entities, and organizations who use technologies to protect or rehabilitate land or environmentally friendly technologies.

Article 9. Charging land fee

1. The organization (or official) in charge of land fee issues shall determine the amount and percentages of land fees imposed on citizens, business entities, and organizations, based on the decision made to let them possess and use land in compliance with Article 31 of the Land law, and shall have the land fees included in land possession and use contracts to be made with soum and district governors and register the contracts.
2. Land fee payers shall pay, unless stated otherwise in the contracts, the fee by the 25th of the first month of each quarter dividing the annual land fee into equal amounts, and may pay the next quarter installments in advance.

Article 10. Paying and reporting land fee

1. Land fee revenue shall be put to the aimag, capital, soum and district budgets.
2. An appropriate percentage of land fee revenue shall be expended on protection, rehabilitation of, or land organization measures for state-owned lands not possessed and used by citizens, business entities, and organizations. Depending on the measures to be taken in a year and the year's land fee revenue, the Government shall decide each year the amount of fund to be expended on land protection, rehabilitation, or land organization measures.
3. The organization (or official) in charge of land fee issues shall submit to the tax authority one copy of the contract of a citizen, business entity, or organization to possess and use land and a copy of the land fee report produced at that administrative level.
4. The tax authority shall supervise, according to the Law on tax levy and payment supervision and tax collection, the land fee levy and payment.

Article 11. Resolving land fee disputes

1. Disputes arising in connection with land fee shall be reviewed and resolved by the following organizations and/or officials:
 - 1) disputes between a land fee payer and a relevant official of an agency in charge of land issues shall be resolved by the official's next higher level organization or official;
 - 2) disputes between a land fee payer and a Governor shall be resolved by the Governor's next higher level organization or official;
 - 3) disputes between a land fee payer and a relevant official of the tax authority shall be resolved by the tax official's next higher level organization or official.
2. In case a land fee payer does not accept the decision of an organization or official referred in paragraph 1 of this Article made with regard to a land fee dispute, a court shall resolve the dispute.

Article 12. Responsibilities

The responsibilities of land fee payers shall be included in land possession and use contracts according to Article 13 of the General law on taxation.

Article 13. Effective date of this law

This law shall be in effect from July 1, 1997.

Speaker of the Parliament of Mongolia

R.Gonchigdorj

(Footnotes)

¹ [of the land base value]

² natural or manmade?