



LEGAL ALERT: AMENDMENTS TO LAWS

(1) Law on the Exemption from social insurance premiums and support from the Unemployment Insurance Fund; (2) Law on Tax relief and exemption from corporate income tax

In connection with the COVID-19 pandemic, and in order to support individuals and business entities and reduce the negative impact of the pandemic (1) the law on the exemption from social insurance premiums and support from the Unemployment Insurance Fund and (2) the law on tax relief and exemption from corporate income tax was adopted on 9, April 2020. These laws were amended on 28, August 2020.

Amendments to the law on the exemption from social insurance premiums and support from the Unemployment Insurance Fund:

A new article 2¹ was added to the law and some provisions in regard to period were changed.

According to the new article (2¹), (1) **compulsory pension insurance premiums** of a legal entity (**an employer**) that has lost its operations due to the pandemic and its income is decreased, but has maintained its workplaces and submitted its report on payment of social insurance premiums within the fixed period specified in the law, and of an insured working for such entity (**an employee**) (*an insured person working for a government organization, and state and locally owned legal entities except for state-owned university, and an insured person whose salary and social insurance premiums are paid for the performance of goods, works and services with loans and assistance from foreign countries and international organizations are excluded*), and (2) **voluntary pension insurance premiums** of a citizen of Mongolia who entered into a contract for voluntary insurance specified in article 5 of the Law on Social Insurance, or with a voluntary social insurance organization specified in article 4.3 of the law **shall be imposed by 5 percent from 1, October 2020 until 1, January 2021.**

The employer and the employee shall be exempted from insurance premiums for the following and considered as paying the premiums for the above mentioned period:

- ✓ **Allowance insurance;**

- ✓ **Unemployment insurance;**
- ✓ **Industrial accident and occupational disease insurance.**

The voluntary insured shall be exempted from the above-mentioned insurance premiums **except for the unemployment insurance premium** and considered as paying for the same period.

The insurance premium for health is not exempted. Therefore, each of the employer and the employee shall pay a total social insurance premium of 7% including the pension insurance premium of 5%, and health insurance premium of 2%.

Further, the period “until 1, October 2020” specified in article 4 as “*Assets may be transferred and expended between funds specified in article 1, 2, 4, 5 of the Law on Social Insurance from 1, February 2020 until 1, October 2020*”; and in article 5 as “*Private entities, organizations, and voluntarily insured persons registered as contributors to Social Insurance Organization between 25, March 2020, and 1, October 2020 shall not be covered under this law*” have been changed to as “**until 1, January 2021**”.

These amendments shall enter into force on 1, October 2020.

Amendments to the Law on tax relief and exemption from corporate income tax:

Several provisions of the law in regard to the period were changed. For instance, under article 1 of the law, lessors who reduced the rent had gotten tax relief for corporate income tax levied on rental income until 1, September 2020. Such a term has been extended until 1, January 2021.

Additionally, the term of exemption from corporate income tax specified in article 2 of the law, and the law enforcement term specified in article 6 have been extended until 1, January 2021 which formerly was until 1, October 2020.

These amendments have entered into effect from 1, September 2020.

Source:

1. Law on Social Insurance (1994);
<https://www.legalinfo.mn/law/details/390>
2. Law on tax relief and exemption from corporate income tax (2020);
<https://www.legalinfo.mn/law/details/15239?lawid=15239>
3. Law on the exemption from social insurance premiums and support from the Unemployment Insurance Fund (2020).
<https://www.legalinfo.mn/law/details/15244>

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