

MONGOLIA – AUTHORITY OPTIONS CHANGES

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH
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Introduction

This guide provides an explanation of the most recent changes made to Determination for the authority of Mongolia.

Considering the relevant local tax law regulations, the following changes were made.

Authority Options

In order to trigger the reverse charge results applicable in Mongolia for the imported services, the following authority options were added:

AUTHORITY OPTION	CONDITION	VALUE
PP – Physical Performance Reverse Charge	Both	Both

As a result, in case of B2B supplies, Determination will return Tax Type of Reverse Charge (RC) for the Buyer and Not Liable (NL) result for the foreign Seller. Local tax will be returned only in case of Seller registration in Mongolia and the establishment of the Seller in Supply location is set to Yes.

TAX RESULTS EXAMPLES

Test 1: B2B Physical Performance Services provided by a foreign, non-established entity to the Mongolia Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Supply	Mongolia
Seller Primary	Germany
Buyer Primary	Mongolia
Seller Registration	DE123456789
Buyer Registration	1234567
Seller Establishment	None


Scenario 2021 February 1st Update Mongolia PP RC Option Seller Non-Registered:

View Results: <input checked="" type="checkbox"/> Zone	Gross Amount: 100.00	Eff%: 0%								
	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
Country: MONGOLIA	Mongolia	VAT	RC	O		10%	10.00			
Country: MONGOLIA	Mongolia	VAT	RC	I		10%	10.00			
							0.00 USD			
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Mongolia	10000	GCBPP1: Reverse charge in Service location.								
Mongolia	10000	GCBPP2: Recovery of reverse charge in Service location.								

Test 2: B2B Physical Performance Services provided by a foreign, registered and non-established entity to the Mongolia Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Supply	Mongolia
Seller Primary	Germany
Buyer Primary	Mongolia
Seller Registration	1234568
Buyer Registration	1234567
Seller Establishment	None

Scenario 2021 February 1st Update Mongolia PP RC Option Seller Registered:

View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00		Eff%: 0%					
Country: MONGOLIA	Mongolia	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: MONGOLIA	Mongolia	VAT	RC	O		10%	10.00		
		VAT	RC	I		10%	10.00		
							0.00 USD		
 Authority Messages:									
Authority	RuleOrder	Message							
Mongolia	10000	GCBPP1: Reverse charge in Service location.							
Mongolia	10000	GCBPP2: Recovery of reverse charge in Service location.							

Test 3: B2B Physical Performance Services provided by a foreign, registered and established entity to the Mongolia Buyer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Supply	Mongolia
Seller Primary	Germany
Buyer Primary	Mongolia
Seller Registration	1234568
Buyer Registration	1234567
Seller Establishment	YES in Supply

Scenario 2021 February 1st Update Mongolia PP RC Option Seller Registered:

View Results: <input checked="" type="checkbox"/> Zone	Gross Amount: 100.00	Eff%: 10%								
Country: MONGOLIA	Authority Mongolia	Invoice Desc VAT	Type S	Dir I	Fee	Rate 10%	Tax Amt 10.00	TT	IT	
							10.00 USD			
<input type="checkbox"/> Authority Messages:										
Authority Mongolia	RuleOrder 10000	Message GCBPP5: Input VAT in Service location.								

Test 4: B2C Physical Performance Services provided by the foreign, registered entity to the Mongolia consumer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Supply	Mongolia
Seller Primary	Germany
Buyer Primary	Mongolia
Seller Registration	1234567
Buyer Registration	None

Scenario 2021 February 1st Update Mongolia PP RC Option Seller Registered:

View Results: <input checked="" type="checkbox"/> Zone	Gross Amount: 100.00	Eff%: 10%								
Country: MONGOLIA	Authority Mongolia	Invoice Desc VAT	Type S	Dir I	Fee	Rate 10%	Tax Amt 10.00	TT	IT	
							10.00 USD			
<input type="checkbox"/> Authority Messages:										
Authority Mongolia	RuleOrder 10000	Message GCBPP5: Input VAT in Service location.								

Test 5: B2C Physical Performance Services provided by the foreign, non-registered entity to the Mongolia consumer

WORKBENCH ELEMENTS	VALUES
Role	Buyer
Transaction Type	Physical Performance
Supply	Mongolia
Seller Primary	Germany
Buyer Primary	Mongolia
Seller Registration	DE123456789
Buyer Registration	None

Scenario 2021 February 1st Update Mongolia PP RC Option Seller Non-Registered:

View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00	Eff%: 0%						
Country: MONGOLIA	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
	Mongolia	Not Liable	UN	1		0%	0.00		
							0.00 USD		
<input type="checkbox"/> Authority Messages:									
Authority	RuleOrder	Message							
Mongolia	5001	GCBPP10: Seller cannot invoice VAT since seller is not registered in Service location.							