

MONGOLIA – AUTHORITY OPTIONS CHANGES

AUTHORITY UPDATE GUIDE

THOMSON REUTERS TAX RESEARCH
FEBRUARY 2021 CONTENT UPDATE #1

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:		Zone	Gross Amount: 100.00	Eff%: 0%	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%	Type	Dir	Fee	Rate	Tax Amt	TT	IT	
Country: MONGOLIA		Authority	Invoice Desc	RC	O		10%	10.00			
Country: MONGOLIA		Mongolia	VAT	RC	I		10%	10.00			
		Mongolia	VAT					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 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%		Type	Dir	Fee	Rate	Tax Amt	TT	IT
Country: MONGOLIA		Authority	Invoice Desc	VAT		S	I		10%	10.00		
<input type="checkbox"/> Authority Messages:												
Authority	RuleOrder	Message										
Mongolia	10000	GCBPPS: 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:	Zone	Gross Amount:	100.00	Eff%:	10%	Type	Dir	Fee	Rate	Tax Amt	TT	IT
	Country: MONGOLIA	Authority	Mongolia	Invoice Desc	VAT	S	I		10%	10.00		
<input type="checkbox"/> Authority Messages:												
Authority	RuleOrder	Message										
Mongolia	10000	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%	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT	IT
	Country: MONGOLIA	Mongolia		Not Liable		UN	I	0%	0.00	0.00 USD		
<input type="checkbox"/> Authority Messages:												
Authority: Mongolia RuleOrder: 5001 Message: GCBPP10: Seller cannot invoice VAT since seller is not registered in Service location.												