

**CUSTOMS LAW OF MONGOLIA**  
**(Revised)**

**PART ONE**

**GENERAL PROVISIONS**

**CHAPTER ONE**

**BASIC PRINCIPLES**

**Article 1. Purpose of the Law**

1.1. The purpose of the Law is to regulate matters regarding regulations on Customs clearance and control over goods and means of transport crossing the national Customs frontier of Mongolia, as well as defining Customs procedures and their requirements, regulations on settlement of complaints and appeal of the Customs decisions, Customs organizational structure, rights and obligations of the Customs officers and liabilities against Customs offences.

**Article 2. Legislation**

2.1. Customs legislation of Mongolia shall consist of the Constitution of Mongolia, the Law , Customs Law on Tariff and Duties and other related laws and regulations adopted in accordance therewith.

2.2. Unless the provisions of any international treaties of Mongolia differ from those stated in the Law , the former shall prevail.

**Article 3. Definitions of Legislation terms**

3.1. The terms used in Law shall mean as follows :

3.1.1. "Goods" shall mean all kind of movable properties such as cargo, luggage, personal belongings, currencies, securities, international postal items, electrical and thermal energy, live-stock, animals, plants and means of transport other than those stated in 3.1.5 of Law , crossing the Customs frontier;

3.1.2. "Mongolian goods" shall mean goods produced in Mongolia other than the goods processed under the procedures stated in 102.1 of Law and foreign goods released for free circulation in the territory of Mongolia;

3.1.3. "Foreign goods" shall mean goods other than those referred to  
3.1.2. of the Law ; x

3.1.4. "Goods for free circulation" shall mean goods administered for use in the Customs territory of Mongolia with no restrictions imposed by the Customs legislation;

3.1.5 "Means of transport" shall mean all modes of transport, including containers and carts, fuel and lubricants, spare parts thereof, carrying goods and passengers between countries and crossing the Customs frontier for a period not more than 6 months;

3.1.6. "Carrier" shall mean a person who is intending to transport goods across the Customs frontier or engaged in transportation in the Customs territory under Customs control;

3.1.17. "Customs declaration" shall mean a document containing information required by the Customs in conformity with the Customs procedure selected by the declarant;

3.1.8. "Declarant" shall mean a person who declares goods or means of transport crossing the Customs frontier to the Customs;

3.1.9. "Crossing the Customs frontier" shall mean importation into, transit on, or exportation, from the Customs territory, of goods and means of transport;

3.1.10. "Customs route" shall mean a route especially approved by the relevant authority for the transportation of goods and means of transport under Customs control between the national frontier of Mongolia and the frontier Customs office as well as from one Customs office to another;

3.1.11. "Customs control" shall mean measures taken by the Customs to ensure enforcement of, and compliance with, the Customs legislation in the territory of Mongolia;

3.1.12. "Customs clearance" shall mean Customs complex formalities starting with the lodgement of Customs declaration on goods and means of transport crossing the Customs frontier at the Customs and ending with Customs permission to release them after required examination and payment of Customs duties and other taxes;

3.1.13. "Customs procedure" shall mean norms, conditions and requirements set for Customs purposes determining the status of goods and means of transport crossing the Customs frontier;

3.1.14. "Non-tariff restrictions" shall mean measures imposing prohibition on goods from the crossing the national frontier of Mongolia or crossing the national frontier of Mongolia upon the permission of the relevant authorities or imposing quantity restriction on goods and others;

3.1.15. "Frontier Customs office" shall mean a Customs office operating at the national frontier crossing point. The Customs office operating at the International airport shall be considered as a frontier Customs office;

3.1.16. "Inland Customs office" shall mean a Customs office other than that stated in 3.1.15 of Law ;

3.1.17. "Customs bonded zone" shall mean a Customs bonded warehouse, Customs bonded manufacturing area and Customs bonded exhibition and construction sites;

3.1.18. "Customs inspection area" shall mean premises, warehouses, sites and zones specially designated for loading, unloading, transshipment, storage of goods under Customs control or exercising of Customs control;

3.1.19. "Customs stakeholder" shall mean the Customs or declarant, Customs broker, carrier, authorized owners of Customs temporary warehouse or bonded zones or other entities such as banks and insurance companies;

#### **Article 4. Customs territory and Customs frontier**

4.1. The territory of Mongolia shall be considered as Customs territory.

4.2. The territory of Customs bonded zone established in the territory of Mongolia shall be regarded as situated outside the Customs territory in terms of tariff and non-tariff restrictions.

4.3. The national frontier of Mongolia shall be considered as Customs frontier. The boundary line separating the Customs territory and the territories of Customs bonded zones established in the territory of Mongolia shall be considered as Customs frontier.

#### **Article 5. Use of documents or information on the goods and means of transport crossing the Customs frontier**

5.1. Information or documents on goods and means of transport required for crossing the Customs frontier in accordance with Customs legislation shall be submitted by the person concerned.

5.2. The Customs and officers received the information or documents stated in 5.1 of Law shall use them solely for the Customs purposes and not to disclose, use for personal purposes, or pass to a third party, except in those cases as stated in the Law.

5.3. The issues concerning use or storage of confidential information regarding individuals and entities or state obtained by the Customs or officers shall be governed by the Law on Confidential Information.

## **CHAPTER TWO**

### **PRINCIPLE APPLICABLE TO GOODS AND MEANS OF TRANSPORT CROSSING THE CUSTOMS FRONTIER**

#### **Article 6. Principle applicable to goods and means of transport crossing the Customs frontier**

6.1. Any person has a right to carry goods or means of transport across the Customs frontier freely in accordance with the conditions and rules stated in the Law and International Treaties of Mongolia /hereinafter called as "the International Treaties"/.

6.2. Goods and means of transport shall not be used, possessed or disposed from the entry until the release to the declarant or from the declared time until the exit from Mongolia, except in those cases stated in the Law .

#### **Article 7. Goods and means of transport crossing the Customs frontier**

7.1. Goods and means of transport shall cross the frontier where there is a Customs office.

7.2. Goods or means of transport shall enter or leave through border crossing points except those stated in 7.1 of the Law upon the permission of the Customs Central Body.

7.3. The permission stated in 7.2 of the Law shall be given under the following circumstances:

7.3.1. emergency caused by disaster or force majeure;

7.3.2. provided by the International Treaties of Mongolia;

7.3.3. aid from other countries for the national defense purpose;

7.3.4. other cases as stated in legislation.

7.4. The Customs Central Body shall appoint a Customs officer when goods or means of transport cross the frontier in line with 7.3 of the Law .

7.5. A declarant shall submit a request to the Customs Central Body when the goods or means of transport cross the frontier as stated in 7.2 of the Law. Permission given by the competent authorities and a list of goods or means of transport shall be attached to the request.

### **Article 8. Prohibition or Restriction imposed on Goods from Crossing the Customs Frontier**

8.1. The State Great Hural and the Government of Mongolia are entitled to impose prohibition and non-tariff restriction on goods crossing the national frontier of Mongolia respectively except those otherwise stated in the Law, indicating the classification codes of the goods in accordance with Harmonized System of Coding and Description of Commodities.

8.2. Goods prohibited to be admitted to the national territory of Mongolia shall not be allowed to enter the Customs territory.

8.3. If the goods stated in 8.2 of Law enters the territory of Mongolia, they shall be promptly sent back. In case of impossibility of such withdrawal, the goods shall be placed in Customs control area or temporary warehouse for up to 3 days. If the individual or legal body fail to withdraw the goods, the Customs shall take measures in line with the rules on destruction of goods.

8.4. Restricted goods except those which are subject to prohibition shall be carried across the Customs frontier if they meet conditions and requirements stated in the legislation and international treaties.

8.5. Goods prohibited to be exported by the legislation shall not be allowed to leave the Customs territory.

8.6. Prohibited goods shall not be allowed for transit unless stated otherwise in the International treaties.

8.7. The Customs Central Body shall notify the public on goods subject to prohibition or restriction from crossing the Customs frontier and location of frontier crossing point or the Customs and its timetable.

8.8. The individual and legal body shall be responsible for the expenses incurred in relation with the activities stated in 8.3 of the Law .

8.9. Smuggling or attempted smuggling of prohibited goods shall not be related to 8.3 of the Law .

### **Article 9. Customs clearance and control**

9.1. Goods and means of transport, which cross the Customs frontier shall be subject to Customs control and Customs clearance and the Customs and its officer shall have no right to impose requirements other than those stated in the Law .

## **CHAPTER 3**

### **INFORMATION AND GUIDELINES ON CUSTOMS LEGISLATION**

#### **Article 10. Obtaining information regarding written and verbal decisions and inactions by the Customs and officer**

10.1. Any individual or legal body has the right to obtain information or reasons and grounds of the written and verbal decisions and inactions made by the Customs and officers /hereinafter referred to as “decisions”/ violating human rights or legal interests of the former.

10.2. The Customs and officers stated in 10.1 of Law shall provide the individual or legal body with requested information promptly or within 3 working days, in writing or verbally.

#### **Article 11. Informing the public on Customs legislation**

11.1. The Customs Central Body is obliged to provide the parties involved in foreign trade and public with the information on the Customs legislation and other related legal acts, in an open manner free of charge.

11.2. The original copies of the Customs legislation and Cabinet decisions shall be published in the bulletin of “Public Notice” and other orders and decisions shall be published in the bulletin stated in 14.1 of the Law on legal status of the government agencies respectively.

11.3. Provisions of 11.1 of Law shall be considered as the same as amendments or changes to the Customs legislation and related legal acts.

#### **Article 12. Providing consultancy**

12.1. The Customs shall provide any person or legal body with consultancy on the issues related to the Customs legislation and regulation on consultancy shall be approved by the Customs Central Body.

12.2. The Customs shall not be responsible for the losses incurred as a consequence of providing consultancy not covered by such regulation stated in 12.1 of Law or caused by lack of knowledge on amendments to the Customs legislation and other related legal acts or omissions in publications.

## **CHAPTER 4**

### **CUSTOMS STATISTICS**

#### **Article 13. Customs statistical data**

13.1. The Customs shall compile Customs statistics for foreign trade trend analysis, revenue collection and control over flow of goods crossing the Customs frontier.

13.2. Data stated in 13.1 of the Law shall be compiled in line with the classification code and description according to the Harmonized Commodity Description and Coding System.

13.3. The Customs Central Body shall create Customs Database based on the Customs declaration to compile Customs statistics stated in 13.1 of Law .

#### **Article 14. Types of Customs Statistics, data compilation methodology**

14.1. The Customs shall compile the following types of statistics:

14.1.1. foreign trade statistics by goods;

14.1.2. administrative statistical data

14.2. Foreign trade statistics by goods stated in 14.1.1 of the Law shall be compiled in accordance with the National methodology based on the methodology developed by the International Statistics and other organizations.

14.3. Methodology stated in 14.2 of Law shall be jointly approved by the Customs Central Body and Central Statistics Authority.

14.4. Methodology and indicators for compiling administrative statistical data stated in 14.1.2 of the Law shall be approved by the Director General of Customs Central Body in accordance with Chapter 19.4 of the Law on Statistics.

#### **Article 15. Use of Customs Statistics**

15.1. Foreign trade statistics by goods shall be used by the state organizations free of charge.

15.2. Foreign Trade Customs Statistics shall be provided by the Customs upon the request of individuals and legal bodies upon payment.

15.3. The amount of payment stated in 15.2 of Law not exceeding the expenses incurred in data compiling shall be defined by the Customs Central Body.

## **CHAPTER FIVE**

### **COMPLAINTS AGAINST DECISIONS OF THE CUSTOMS AND OFFICERS**

#### **Article 16. Right to Complain**

16.1. A declarant shall be entitled to make complaints against decisions made by the Customs or officer when he/she considers their human rights, freedom and legal interests have been infringed.

#### **Article 17. Rules on Making Complaints and Timeframe**

17.1. A declarant shall make a complaint as follows:

17.1.1. A complaint on the decision of a Customs officer shall be submitted to a director or head of the Customs concerned.

17.1.2. A complaint against a decision of the director or chief of the Customs shall be submitted to the relevant superior Customs and officer;

17.1.3. A complaint against a decision of the superior Customs and officer shall be submitted to the court;

17.2. A complaint against a decision of the Customs or officer may be filed within 30 days from the date when a declarant it receives or becomes aware of the decision concerned.

17.3 The timeframe stated in 17.2 of the Law is proven exceeded because of well-grounded excuse, upon the request of the complainant the timeframe may be extended by the Customs or officials in line with 6.3 of the Law on Administrative Case Proceedings.

#### **Article 18. Form of a Complaint**



18.1. A complaint against a decision of the Customs or officer shall be submitted in writing.

18.2. A complaint stated in 18.1 of Law shall meet requirements determined by the Article 10 of the Law on Settlement of complaints concerning the state organizations or civil servants.

18.3. The Customs or officer which are obliged to settle the complaints made in line with 17.1.1 and 17.1.2 may ask the complainant to submit all required documents if necessary.

### **Article 19. Consequences of Complaint**

19.1. A lodged complaint against a decision of the Customs or officer shall not be a reason to discard that decision by the complainant.

19.2. When the Customs or officer addressing the complaint have sufficient ground to presume that the appealed decision is contrary to legislation of Mongolia or execution of the concerned decision may cause substantial losses, they are entitled to suspend the execution of the appealed a decision completely or partially.

### **Article 20. Reasons to reject a complaint against a decision**

20.1. The Customs or Officer stated in 17.1.1 and 17.1.2 of Law shall reject a complaint if:

20.1.1. a timeframe for filing a complaint has been expired and the complainant has not requested to extend the time;

20.1.2. requirements stated in 18.1, 18.2 of Law have not been met;

20.1.3 the court decision on the issues raised by the complaint has been valid;

20.1.4. issues raised by the complainant are beyond the competence of the Customs;

20.2. A decision on rejecting a complaint shall be made and notified to the complainant in writing within 3 working days following the submission of the complaint, in case of rejection as stated in 20.1 of the Law .

20.3. A complainant may appeal to a court if he/she doesn't accept a decision stated in 20.2 of the Law .

## **Article 21. Withdrawal of Complaint and its Consequence**

21.1. A complainant may withdraw and take back a complaint at any time.

21.2. Withdrawal of complaint in accordance with 21.1 of the Law shall not be a reason for rejecting a review of the concerned complaint or imposing penalties on the Customs or officer which are found guilty.

## **Article 22. Timeframe for complaint settlement**

22.1. A complaint submitted by a complainant in accordance with the Article 16 of the Law shall be settled by the Customs within a period stated in the Law on settlement of complaints made by citizens concerning the state organizations or civil servants.

## **Article 23. Settlement of a complaint**

23.1. A decision on settlement of a complaint by the Customs or officer as stated in 17.1 of the Law shall be made in writing in accordance with the form approved by the Customs Central Body.

23.2. The decision stated in 23.1 of Law shall contain the following details:

23.2.1. name of the Customs settling the complaint;

23.2.2. surname and initials and position of the Customs officer settling the complaint;

23.2.3 surname and initials or name of a complainant;

23.2.4. complaint summary;

23.2.5. complaint settlement detail;

23.2.6. grounds for decision making;

23.2.7. information on a regulation to make complaint against a decision.

23.3. The Customs or officer shall make the following decision after review of the complaint:

23.3.1. to accept the decision made by the Customs or officer and reject the complaint;

23.3.2. change or invalidate the decision made by the Customs or officer completely or partially;

23.3.3. in case if verbal decision or inaction of the Customs or officer is found to be unlawful, assign them to make an appropriate decision.

23.4. Timeframe for a decision execution in line with 23.3.2 and 23.3.3 of the Law shall be determined and the Customs or officer shall be obliged to follow that timeframe.

## **PART TWO**

### **CUSTOMS CLEARANCE**

#### **CHAPTER SIX**

### **CUSTOMS CLEARANCE**

#### **SECTION ONE**

### **GENERAL PROVISIONS**

#### **Article 24. Customs clearance**

24.1. Goods or means of transport crossing the Customs frontier shall be cleared in accordance with the provisions of the Law .

24.2. The goods shall be cleared regardless of the country of origin, country of departure or country of destination.

24.3. Taking into account the type of goods and means of transport crossing the Customs frontier, the Customs Central Body shall adopt a regulation on Customs clearance in compliance with the Law .

#### **Article 25. Time and Place for Customs Clearance**

25.1. The goods shall be cleared at the place where Customs is located during hours approved by the Customs Central Body.

#### **Article 26. Customs clearance fee**

26.1. A service fee for Customs clearance approved by the Customs Central Body shall be paid by a declarant.

26.2. The amount of the service fee for Customs clearance consistent with the cost incurred in delivery of service stated in 26.1 of this Law shall be approved by the Customs Central Body.

26.3. The fee stated in 26.1 of this Law shall be collected to the state revenue.

### **Article 27. Documents and Information Required for the Customs Clearance**

27.1. A declarant shall be obliged to lodge to the Customs the documents and data, which are required for Customs clearance in accordance with the Customs legislation.

27.2. The timeframe for the lodgement of the documents and information stated in 27.1 of this Law shall be approved by the Customs Central Body.

27.3. In order to simplify and speed up the Customs clearance the Customs Central Body may conclude agreements with the foreign Customs administrations on mutual recognition of data and documents.

27.4. The documents stated in 27.1 of this Law may be presented in a foreign language. If necessary a declarant shall be required by the Customs to provide the official translation.

27.5. The original documents or their copies stated in 27.1 of this Law shall be required by the Customs and if necessary the documents shall be matched against the originals.

27.6. The data or documents stated in 27.1 of this Law may be received by fax, electronic mail, data network of other organizations linked with the Customs /hereinafter referred to as "data network"/.

27.7. A copy of the electronic data or documents shall be printed out and certified by a signature of the competent person.

27.8. The electronic documents shall be considered as original documents.

### **Article 28. Presence of a Declarant or his/her Representative at Clearance**

28.1. The declarant or his/her representative shall be present at clearance.

28.2. The Customs or officer may be assisted by a declarant or his/her representative in order to simplify the Customs clearance.

### **Article 29. Customs expedite clearance**

29.1. The Customs expedite clearance shall be applied for goods as follows:

29.1.1. Relief goods to recover losses and damages caused by disaster or *force majeure*

29.1.2. Radio-active substances, toxic and dangerous chemicals, explosives;

29.1.3. live-stock and animals;

29.1.4. international postal items;

29.1.5. newspapers, periodic editions, materials for media, scientific and research materials;

29.1.6. perishable goods requiring special storage conditions;

29.1.7. donor organs or blood, blood products;

29.1.8. other goods stated in the Law.

29.2. The goods stated in 29.1 of this Law shall be cleared upon agreed conditions to submit all needed Customs documents within a period stated by the Customs.

29.3. A guarantee on submission of clearance documents within a period specified by the Customs shall be made in writing by the declarant.

29.4. The Customs expedite clearance shall not be provided in the following cases:

29.4.1. discrepancy occurs in Customs documents;

29.4.2. differences in quantity and discrepancy in value of goods declared to the Customs;

29.4.3. an offence record against Customs legislation on the declarant;

29.4.4. a guarantee stated in 30.3 of the Law has been not submitted;

29.4.5. Customs duties and other taxes have been not paid or a guarantee on payment has been not issued in accordance with the relevant Law.

### **Article 30. Simplified Clearance**

30.1. Goods shall cross the Customs frontier under the simplified Customs clearance without lodgement of all the documents stated in this Law and with the request to fill-in some parts of the Customs declaration.

31.2. Simplified Customs Clearance shall be applied in the following cases:

31.2.1. For goods entering directly Customs bonded zones from the abroad not being in transit through the Customs territory;

31.2.2. For goods sent abroad from the Customs bonded zones not being in transit through the Customs territory;

## **SUB-CHAPTER TWO**

### **ENTRY OF GOODS AND MEANS OF TRANSPORT INTO THE CUSTOMS TERRITORY**

#### **Article 32. Entry of goods and means of transport into the Customs territory**

32.1. Goods and means of transport shall enter the Customs territory through the frontier established in accordance with the International Treaties.

32.2. A frontier point for entry of the certain type of goods into the Customs territory shall be established in accordance with Law and other related Laws or the resolution by the government.

#### **Article 33. Measures Taken in Emergencies or *Force Majeure***

33.1. In case if transportation of goods and means of transport has been interrupted on the route to a destination due to an emergency or *force majeure* shall be notified the nearest Customs office and to take measures to deliver to that place. In such circumstances the goods shall not be utilized or transferred to others without permission of the Customs.

33.2. The Customs shall not be liable for the expenses incurred in taking measures stated in 33.1 of Law .

#### **Article 34. Pre-arrival Notification of Goods or Means of Transport to the Customs**

34.1 A carrier shall notify to the Customs the frontier for entry in advance of goods and means of transport and its final destination.

34.2. The carrier shall inform the Customs as goods or means of transport arrive at the Customs frontier. Means of transport having scheduled regular service for passengers shall inform the Customs one hour prior to their crossing the Customs frontier.

### **Article 35. Submission of Documents and Information**

35.1. Upon arrival of goods and means of transport at the Customs frontier the carrier shall submit to the Customs the information and the documents stated in Articles 36-38 of Law indicating the mode of transport.

35.2. In case the information and documents stated in Articles 36-38 of Law do not meet requirements, the carrier or declarant shall provide additional information.

35.3. The carrier may submit to the Customs the information and documents stated in 35.1, 35.2 of Law through electronic data network.

### **Article 36. Documents and Information to be Submitted to the Customs concerning International Road Transport**

36.1. The carrier shall submit to the Customs the following documents:

36.1.1. certificate of vehicle;

36.1.2. transport bills;

36.1.3. trade documents.

36.2. The following information shall be in the documents stated in 36.1 of Law :

36.2.1. the carrier's name and address;

36.2.2. the national identity of vehicle;

36.2.3. the country of departure and country of destination;

36.2.4. the name and address of the goods consignor and consignee;

36.2.5. the name and address of the goods seller and buyer;

36.2.6. description and classification of goods, the number and size or volume, package types and marking;

36.2.7. non-tariff restriction applies or not to goods.

**Article 37. Documents and Information to be Submitted to the Customs concerning the International Air Traffic**

37.1. The carrier shall submit to the Customs the following documents:

37.1.1. aircraft certificate;

37.1.2. general declaration;

37.1.3. the List of passengers' names;

37.1.4. cargo manifest;

37.1.5. airway bill;

37.1.6. The list of foodstuff and other items to be consumed by passengers in the flight;

37.1.1. trade documents;

Law : 37.2. The following information shall be in the documents stated in 37.1 of

37.2.1. the aircraft national identity and its owner;

37.2.2. the flight number and routing;

37.2.3. information regarding crew-members;

37.2.4. description and classification of goods, the number and size or volume, package types and marking;

37.2.5. non-tariff restriction applies or not to goods.

**Article 38. Documents and Information to be Submitted to the Customs concerning the International Railway Transport**

38.1. The carrier shall be obliged to submit to the Customs the following documents:

38.1.1. pass-over documents

38.1.2. railway car documents;

38.1.3. railwaybill



38.1.4. trade documents

38.2. The following information shall be contained in the documents stated in 38.1 of Law :

38.2.1. consignor and consignee of the goods;

38.2.2. the railway station of departure, transit and destination;

38.2.3. description and classification of goods, the number and size or volume, package types and marking;

38.2.4. non-tariff restriction applies or not to goods.

### **Article 39. Cargo Manifest**

39.1. Cargo manifest shall be issued on the basis of the documents stated in the Articles 36-38 of Law .

39.2. Regulations how to fill out the cargo manifest, control on and register shall be approved by the Customs Central Body.

### **Article 40. Unloading and transshipment of the goods**

40.1. A decision on unloading or transshipment of the goods concerned in Customs control area shall be taken by the Customs upon the lodgement of the information and documents pertaining to the consignment to the Customs by the carrier.

40.2. The unloading or trans-shipment of goods shall be performed in Customs control area during Customs working hours as stated in 26.1 of Law .

40.3. Where necessary the permission on the unloading or transshipment in the places other than stated in 40.1, 40.2 of Law thi shall be provided by the Customs.

## **SUB-CHAPTER THREE**

### **CARRIER**

#### **Article 41. Obligations of the Carrier**

41.1. The Carrier shall transport the goods in accordance with the Law .

41.2. The carrier shall be obliged to:

41.2.1. meet the conditions and requirements stated in Law for the transportation of goods under Customs control;

41.2.2. not to load, unload, transship or transfer the goods with no Customs permission;

41.2.3. not to carry separately the goods having one transport document or goods declaration of a single consignment while they are under Customs control;

41.2.4. not to use the means of transport as a concealment place for smuggling goods or not to provide any opportunity for doing so;

41.2.5. provide the Customs with all information regarding means of transport and, afford expert assistance to a Customs Officer;

41.2.6. keep the goods intact not to cause any changes, ensure safety of the identification marks placed for Customs purposes;

41.2.7. provide the Customs with the required information on goods intending to cross the national frontier prior to crossing the Customs frontier;

41.2.8. if the goods are examined on board of the means of transport while in motion, provide the proper working conditions Customs officer (s) and let them ride that transport free of charge;

41.2.9. let the means of transport return within scheduled time;

41.2.10. other obligations stated in the Laws.

41.3. International air or railway carriers shall be interfaced to the Customs data network.

## **SUB-CHAPTER FOUR**

### **TEMPORARY STORE OF GOODS**

#### **Article 42. Temporary store of goods**

42.1. Goods shall be stored in the temporary store from the time as they come under Customs control until placement of goods under Customs Clearance Procedure with no tariff or non-tariff restrictions applied.

42.2. A declarant may obtain information from the Customs regarding to the goods during the period stated in 47.1, 47.2 of Law .

### **Article 43. Temporary store**

43.1. Temporary stores may be closed premises or open area.

43.2. Temporary stores shall be considered as a Customs control area.

### **Article 44. Types of Temporary Stores**

44.1. Temporary stores shall have the following types:

44.1.1. open for public;

44.1.2. open solely for one or several entities or closed;

44.2. goods requiring special store conditions shall be placed into the specially equipped stores.

### **Article 45. Goods to be kept in the temporary store**

45.1. The goods shall be placed into the temporary store upon the decision of the Customs.

45.2. Goods placed in Customs control area shall be transferred to the temporary store after 3 days if the Customs procedure was not selected.

45.3. Goods seized or detained in accordance with the relevant legislation may be stored in the temporary store.

### **Article 46. Documents required for keeping goods in the temporary store**

46.1. The goods shall be placed in the temporary store on the basis of cargo manifest and other related documents

46.2. The documents stated in 46.1 of Law may be submitted through the data network.

### **Article 47. Storage duration**

47.1. Goods shall be stored in the temporary stores for a period of up to 2 months. The Customs may, only once, extend this period by up to 1 month.

47.2. Perishable or hazardous goods shall be stored for a period of up to a week. The Customs may, only once, extend this period by up to a week.

47.3. Timing of the storage in the temporary store begins from the date of placement of goods or from the date when such goods have been subjected to temporary store.

47.4. Duration stated in 47.1, 47.2 of Law shall not be applied to the goods stated in 45.3 of Law .

#### **Article 48. Maintenance of goods kept in the temporary store**

48.1. Maintenance operations and services shall be performed upon the permission of the Customs to the goods stored in the temporary store with no alterations in packing or appearance.

48.2. A declarant may check the goods and take samples or specimens upon the permission of the Customs prior to the Customs clearance.

#### **Article 49. Damaged or Spoilt goods**

49.1. Goods which have been damaged or spoilt as a result of the emergency or force majeure while being kept in the temporary store shall be cleared by the Customs upon the lodgement of relevant documents of proof provided by the authorized organizations.

#### **Article 50. Considering goods as being kept in the temporary store**

50.1. The goods under Customs control may, upon the Customs permission be held by a declarant. In such case, the goods concerned shall be treated as kept in the Customs temporary store.

50.2 Goods stated in 50.1 of Law shall not be transferred to the third person.

50.3. The Customs shall require the security in respect of the payment of duties and taxes upon issuance of the permission concerning the goods to be stored in accordance with 50.1 of Law .

#### **Article 51. Requirements for Temporary Stores**

51.1. A temporary Store shall meet the following conditions and requirements:

51.1.1. to meet conditions needed for storage of goods;

51.1.2. to provide conditions for Customs control;

51.3.3. to be equipped with facilities for loading, unloading and transshipment of goods and Customs control equipment, platform, road, energy, water supply and communication networks;

51.1.4. create proper working conditions for Customs officer;

51.1.5. to have security, alarm or signal system;

51.1.6. to close opportunities to enter the store by an outsider.

## **Article 52. Obligations of the authorized owner of a temporary store**

52.1. The Customs Central Body shall authorize a legal person to run a temporary store for a period of 1 year and inform the public.

52.2. Duration stated in 52.1 of Law shall be extended for a period of 1 year several times.

52.3. The authorized owner of a temporary store shall be obliged to:

52.3.1. run the temporary store in line with conditions and requirements stated in 51.1 of Law ;

52.3.2. to keep a record of the stored goods and submit reports to the Customs on the movement of goods;

52.3.3. to place goods in or out of the store upon the permission of the Customs;

52.3.4. not to change the goods, its packages and seals with no permission of the Customs;

52.3.5. loading, unloading, transshipment and release of the stored goods to a declarant shall be performed upon the permission of the Customs;

52.3.6. to store goods by its types

52.3.7. to inform the declarant about deadline for storage of goods 5 working days earlier than actual.

52.3.8. to compensate or reimburse the losses caused by their own fault.

### **Article 53. Suspension of the temporary stores and termination of the permission**

53.1. If the conditions and requirements stated in 51.1 of Law are not met or the obligations stated in 72.2 of Law are failed operations in the temporary store shall be suspended for a period up to 3 months by the Customs Central Body for giving a chance to eliminate faults.

53.2. The permission for running temporary stores shall be terminated if:

53.2.1. the authorized owner requests to do so;

53.2.2. faults were not eliminated within the given period stated in 53.1 of Law ;

53.2.3. Conditions and requirements stated in 51.1 and obligations stated in 52.3 of Law have not been met from time to time;

53.2.4. The authorized owner holding a permission of temporary stores ceases to run that business or transferred the temporary store to other's ownership;

53.2.5. Temporary stores was not started its business within 6 months after issuance of the permission;

53.2.6. The permission expired but there was no request made for extension.

53.3. Goods stored in the temporary store shall be transferred under the control of the Customs to the other temporary store within 3 working days since the authorization terminated.

53.4. A decision on termination of the authorization to run temporary store shall be approved by the Customs Central Body and informed to the public.

## **SUB-CHAPTER FIVE EXPORTATION OF GOODS AND MEANS OF TRANSPORT FROM THE CUSTOMS TERRITORY**

### **Article 54. Exportation of goods and means of transport from the Customs territory**

54.1. Goods and means of transport shall be exported from the Customs territory through a frontier point established in accordance with the International Treaties.

54.2. A frontier crossing point for exportation of certain type of goods shall be established in accordance with Provisions of Law and other related Laws or the government resolution.

### **Article 55. Submission of Documents and Information**

55.1. Upon departure of goods and means of transport at the Customs frontier the carrier shall submit to the Customs the information and the documents stated in Articles 36-38 of Law indicating the mode of transport.

55.2. The carrier shall submit to the Customs the information and the documents stated in Articles 36-38 of Law for exportation of the goods.

55.3. In case the information and documents stated in Articles 36-38 of Law do not meet requirements, the carrier or declarant shall provide additional information.

### **Article 56. Loading of Goods to Means of transport**

56.1. A decision on loading of the goods concerned in Customs control area shall be taken by the Customs upon the lodgement of the information and documents pertaining to the consignment to the Customs by the carrier.

56.2. The loading of goods shall be performed in Customs control area during Customs working hours.

56.3. Where necessary the permission on the loading in the places other than stated in 56.2 of Law shall be provided by the Customs.

### **Article 57. Exportation of goods from the national frontier point**

57.1. Goods and means of transport shall be exported from the Customs territory through a frontier with no changes in identification marks placed for Customs purposes;

57.2. Any changes except deterioration or loss occurred during the normal transportation shall not be caused to goods stated in 57.1 of Law .

57.3. In case if transportation of goods and means of transport has been interrupted on the route to a destination due to an emergency or *force majeure* shall be notified the nearest Customs office and to take measures to deliver to that place. In such circumstances the goods shall not be utilized or transferred to others without a permission of the Customs.

## **SUB-CHAPTER SIX**

### **DECLARING GOODS**

#### **Article 58. Declaring goods**

58.1. The declarant shall declare goods crossing the Customs frontier to the Customs in compliance Law .

58.2. The goods crossing the Customs frontier may be declared as follows:

58.2.1. in a written form;

58.2.2. through data network;

58.2.3. verbally by a traveller declaring its personal effects and by a declarant declaring international postal items;

58.2.4. traveller's selection of red or green channel;

58.3. A declarant shall declare the goods crossing the Customs frontier to the Customs in compliance with Customs declaration form.

58.4. A complete Customs declaration form may be lodged through data network later than actual clearance. The Customs Central Body shall approve the instructions on how to complete and examine the goods declaration form.

58.5. The Customs declaration form shall comply with the international standards and forms.

58.6. The data contained in the Customs declaration shall be sufficient for Customs legislation implementation, compiling Customs statistics and imposing Customs duties and other taxes.

58.7. The Customs declaration form shall be completed in Mongolian.

58.8. Personal effects and other goods of the incoming and outgoing traveller or crew member shall be declared in compliance with declaration form approved by the Customs Central Body.



## **Article 59. Declaring of goods in a single consignment**

59.1. The goods dispatched by a consigner to a consignee with the separate bills of lading, having the same nomenclature, classification code and country of origin, received or dispatched same day shall be considered as a single consignment and may be cleared as a single goods declaration upon completion of the single declaration form.

59.2. If the goods are transported separately due to transportation capacity to carry complete sets of equipment or machinery, they may be considered as a single consignment.

59.3. Upon the declarant's request, different goods contained consignment may be declared under the same classification code pursuant to the Harmonized System unless this code covers the same goods of the applicable highest Customs duty. In such case the documents containing descriptions, quantities and values of other goods shall be attached to the Customs declaration.

## **Article 60. Declarant's Rights and Obligations**

60.1. A declarant has the following rights:

60.1.1. to select or change a Customs procedure;

60.1.2. to inspect and measure the goods prior to the declaring;

60.1.3. upon the permission of the Customs to take samples and specimens of the goods subject to the Customs control;

60.1.4. to attend the Customs control and inspection by the Customs officer who takes samples and specimens of the goods;

60.1.5. to review the results of the investigation or examination of the goods conducted by the Customs;

60.1.6. to lodge documents and data on the goods through data network;

60.1.7. other rights stated in Law .

60.2. The declarant shall be obliged to the following:

60.2.1. to be responsible for the accuracy of data in the Customs declaration and to pay the Customs duties and taxes or provide security for payment;

60.2.2. to complete Customs declaration and provide the Customs with the required data and documents to the Customs authorities;

60.2.3. to submit the Customs declaration and accompanying documents of the goods in compliance with the Law;

60.2.4. To let the declared goods to be examined by the Customs;

60.2.5. to load, unload, unpack the goods in the Customs control zone or move the means of transport with the permission of the Customs;

60.2.6. to prevent Customs offences and study the Customs legislation;

60.2.7. to return the temporarily entered goods and means of transport within the time period stated in Law or place them under other Customs procedure in case of unavailability;

60.2.8. other obligations stated in the Law.

#### **Article 61. Timeframe for Lodgement of a Customs Declaration**

61.1. A Customs goods declaration shall be lodged to the Customs within a period stated in 26.1 of Law . This timeframe shall be also applied to the Customs declaration, information and documents lodged through data network.

61.2. The goods shall be declared while being placed in the Customs control area or Customs temporary store.

61.3. Customs shall prolong the timeframe for lodgement of the declaration as stated in 61.2 of Law once upon the request by the declarant if there's a sufficient ground for doing so.

#### **Article 62. Pre-arrival Declaration of Goods**

62.1. A Customs pre-arrival declaration with regard to foreign goods dispatched from the departure country may be lodged before their arrival at the Customs territory of Mongolia or before the completion of the carriage of goods from frontier Customs to inland Customs.

62.2. Copies of the goods accompanying documents stated in 62.1 of the Law shall be submitted to the Customs. The copies shall be compared with its originals upon arrival of the goods.

#### **Article 63. Documents required for declaring of goods**

63.1. Accompanying documents of the goods attached to the Customs declaration shall be submitted by a declarant to the Customs.

63.2. Customs shall require a minimum of documents needed for Customs formalities and ensuring implementation of Customs legislation.

63.3. The following documents shall be submitted to the Customs by a declarant for proof of the data in the Customs declaration:

63.3.1. foreign trade contracts

63.3.2. trade documents;

63.3.3. waybill and/or shipment documents;

63.3.4. certificate of the country of origin

63.3.5. permissions, licences, certificates and/or other documents required for the goods subject to non-tariff restrictions;

63.3.6. foreign trade remittance for payment or invoices;

63.3.7. Documents authorizing complete or partial exemption of goods from Customs duties and taxes;

63.3.8 documentary evidence of the Customs value

63.3.9. other documents stated in Law .

#### **Article 64. Acceptance of a Customs Declaration**

64.1. The registration of a Customs declaration and accompanying documents by the Customs or officer shall be considered as acceptance of declaration by the Customs.

#### **Article 65. Amendments of and Changes to a Customs Declaration**

65.1. The request to amend or change the accepted by the Customs declaration shall be made in written form by a declarant if necessary.

65.2. The Customs may permit to amend or change the accepted by the Customs declaration in cases as follows:

65.2.1. Data provided in the Customs declaration considered as incomplete;

65.2.2. the inspection of the declarant's goods has not started by the time when the declarant requests to the Customs to make amendments of and changes to the Customs declaration;

65.2.3. if the amendments or changes requested by the declarant will do not alter the amounts payable as Customs duties and taxes or imposition of the non-tariff restrictions;

65.3. The Customs or officers shall refrain from completion of Customs declaration, amendments and changes in the Customs declaration on their own initiative or upon an instruction or request by the third person.

### **Article 66. Customs declaration check**

66.1. A Customs declaration shall be checked by the Customs or officers immediately upon its lodgement.

66.2. The declaration shall be checked as follows:

66.2.1. whether the documents as required in compliance with the Customs procedure are complete or valid;

66.2.2. whether the data stated in the Customs declaration or accompanying documents are accurate, realistic and matching;

66.2.3. whether the assessment of Customs duties and other taxes are accurate.

### **Article 67. Withdrawal of a Customs Declaration**

67.1. A declarant shall withdraw a Customs declaration prior a placement of goods under the Customs procedure in order to change Customs procedure. In such case, a request should be submitted in a written form.

67.2. The request by the declarant shall be reviewed by the Customs within 3 working days. A response on acceptance or rejection shall be given in a written form.

67.3. Grounds shall be indicated if the request is rejected.

67.4. The goods shall be re-declared by the declarant to place the new procedure if the request is accepted.

## **Article 68. Termination of a Customs declaration**

68.1. A Customs declaration shall be terminated by the Customs in the following cases:

68.1.1. The goods declared prior their arrival don't enter the territory of Mongolia or depart the territory of Mongolia due to the circumstances occurred unexpectedly for the declarant.

68.1.2. A request by the declarant on change of the Customs procedure is accepted.

## **SUB-CHAPTER SEVEN**

### **CUSTOMS BROKER**

#### **Article 69. Customs Broker**

69.1. Customs clearance of the goods intended to enter the Customs territory of Mongolia may be effected by a Customs Broker on the basis of the contract.

69.2. A Customs Broker shall be a Mongolian legal person authorized to be a Customs Broker.

69.3 The permission to be a Customs Broker shall be authorized by the Cabinet member responsible for Customs matters.

69.4. Customs Broker shall run activities engaged solely in the specified territory where he/she may perform clearance for certain goods.

69.5 The permission to run Customs Broker's activities is prohibited to be transferred to others.

#### **Article 70. Requirements to Customs broker's activities**

70.1. The Customs Broker shall meet the following conditions and requirements:

70.1.1. not to have outstanding duty payment and be solvent to run Customs Broker's activities;

70.1.2. to have less than two Customs certified specialists;

70.2. The Customs Broker shall set up a risk fund for prevention of possible losses against payment of Customs and other duties or securities issued for payment of duties. The amount to be kept in the risk fund shall be approved by the Customs Central Body depending on the volume of goods covered by the Broker's activities.

70.3. The Customs shall control the activities of the Customs Broker and Customs certified specialist. A regulation on control on Customs broker's activities shall be approved by the Customs Central Body.

### **Article 71. Customs Certified Specialist**

71.1. The Customs Central Body shall award the person who meets criteria to be a Customs certified specialist.

71.2. An accreditation for assessment of the Customs certified specialist's activities and professional skills shall be conducted every two years by the Customs Central Body.

71.3. The certificate awarded to the Customs certified specialist shall be annulled on the basis of reasons as follows:

71.3.1. a court ruling has been enforced proving the committed offence;

71.3.2. multiple cases of offences violating Customs legislation;

71.3.3. it has been established that a certificate was awarded against forged documents;

71.3.4. failed the accreditation stated in 71.2 of the Law .

### **Article 69. The Rights and Obligations of a Customs Broker**

69.1. The Customs Broker has the right to obtain timely information from the Customs on the amendment to the Customs legislation besides those stated in 57.1 of this Law.

72.2. Customs Broker is obliged to the following besides those stated in 57.2 of this Law:

69.2.1. to conclude a contract to represent a declarant at the clearance;

69.2.2. to get involved in Customs activities through the certified Customs specialist;

69.2.3. to keep financial reports, records on Customs brokerage activities and provide the Customs with them;

69.2.4. to inform the Customs when there is any change to the registered information submitted to the Customs while obtaining Customs brokerage authorization as stated in 66.2 of this Law;

69.2.5. not to disclose the declarant's confidential information or use it unlawfully;

69.2.6. to provide the Customs with the pre-arrival information 10 days earlier than actual crossing of goods through the national frontier.

### **Article 70. Authorization, Suspension or Termination of Customs brokerage activities**

70.1. The authorization to run Customs brokerage activities shall be given for a period not less than 3 years.

70.2. An applicant requesting for an authorization to run Customs brokerage activities shall submit to the Customs the following documents besides those stated in 11.1.1-11.1.4 of the Law on the Special Permission for economic entity's business activities.

70.2.1. references and certificates given by the competent authorities proving that the conditions and requirements stated in 70.2 of this Law are met;

70.2.2. records from the Customs and police authorities proving that offences against the Customs legislation are not committed;

70.2.3. a request to run Customs brokerage activities covering a certain type of goods and territory.

70.3. If the request is made concerning 70.2.3 of this Law, the certificate shall indicate the type of business.

70.4. If the holder of the authorization to run Customs brokerage activities meets not longer the conditions and requirements stated in 67.1 of this Law or fails to fulfill the obligations stated in 69.2 of this Law, the brokerage authorization shall be suspended by the Cabinet member responsible for Customs matters upon the proposal made the Customs Central Body.

70.5. If the offences stated in 70.4 of this Law still occur or offences against the Customs legislation occurred twice or repeatedly, the authorization to run Customs

brokerage activities shall be terminated by the cabinet member responsible for Customs matters upon the proposal made by the Customs Central Body.

70.6. If the matters concerning authorization, termination, extension and suspension of Customs Brokerage activities and control on their activities are not regulated by this Law, the Law on the Special Permission for economic entity's business activities shall govern those issues.

## **SUB-CHAPTER EIGHT**

### **RELEASE OF GOODS DECLARED TO CUSTOMS**

#### **Article 71. Grounds for Release of Goods**

71.1. Customs shall release the goods if:

71.1.1. documents required for Customs procedure are complete;

71.1.2. conditions and requirements for the placement of goods under selected Customs procedure are provided;

71.1.3. Customs duties and taxes are paid or security for payment is provided in accordance with the Law on Customs Tariff and Duties;

71.1.4. Customs control and examination are conducted to match the Customs declaration;

71.1.5. no Customs offences were detected during the Customs control and examination as stated in 71.1.4 of this Law.

#### **Article 72. Release of goods subject to Customs control**

72.1. The following goods shall be released conditionally to be subject to Customs control:

72.1.1. goods temporarily admitted or exported;

72.1.2. goods admitted to the Customs bonded zone;

72.1.3. goods brought into free circulation with total or partial relief from Customs duties and other taxes;



72.2. Goods stated in 72.1.1 and 72.1.3 of Law shall be brought for designated use in the Customs territory.

## **PART THREE**

### **CUSTOMS PROCEDURES**

#### **CHAPTER SEVEN**

#### **CUSTOMS PROCEDURE**

##### **SUB-CHAPTER ONE**

##### **GENERAL PROVISIONS**

#### **Article 73. Selection of a Customs procedure**

73.1. The declarant shall choose a Customs procedure.

#### **Article 74. Placement of Goods under a Customs procedure**

74.1. The declarant shall place goods, upon the permission of the Customs, under his/her selected Customs procedure if its conditions and requirements are met.

74.2. The date of the goods placed in the Customs procedure shall be the same date of goods released or the date of crossing the Customs border.

74.3. Goods shall be placed in Customs procedure upon lodgment of documents as follows:

74.3.1. manifest for procedures stated in 79.4.1. and 79.4.2;

74.3.2. Customs declaration form for other procedures except those stated in 79.4.1. and 79.4.2.

#### **Article 75. Data and Document Required for Customs Procedure**

75.1. The Customs and officials shall request data and documents needed for selected Customs procedure except those stated in 60.3 of Law .

75.2. Additional data shall be required if the data and documents received as stated in 75.1. of Law do not meet the requirements.

75.3. A declarant shall submit relevant documents unless the goods in the selected procedure are subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border or those subject to full or partial relief from the Customs duties and other taxes.

#### **Article 76. Guarantees Needed For Customs Procedure**

76.1. A declarant shall pay Customs duty and other taxes levied on the goods carried across the Customs frontier in accordance with Customs procedure or provide guarantee to ensure payment of Customs duties and other taxes as stated in the Law on Customs Tariff and Duties.

76.2. Goods temporarily imported to or temporarily exported from the Customs territory shall be re-exported or re-imported if the requirements and conditions stated in the Law are met.

76.3. In case if the goods stated in 76.2. of this Law are re-exported or re-imported, Customs duty and other taxes previously paid shall be refunded.

#### **Article 77. Termination of Placement in the Procedure due to Occurred Customs Offence**

77.1. If the goods placed in the Customs procedure are detained or seized due to occurred Customs offences, the placement in the Customs procedure shall be terminated.

### **SUB-CHAPTER TWO**

#### **CUSTOMS PROCEDURES**

#### **Article 78. Classification of Customs Procedures**

78.1. Customs procedure shall be classified as follows:

78.1.1 importation;

78.1.2. exportation;

78.1.3. customs bonded zone;

78.1.4. transit and transshipment;

78.1.5. abandonment or destruction of goods; and

78.1.6. special procedures.

### **Article 79. Categories of Customs Procedures**

79.1. Procedure of importation of goods shall have the following types:

79.1.1. importation of goods for home use;

79.1.2. processing goods for home use;

79.1.3. temporary admission of goods for home use;

79.1.4. inward processing;

79.1.5. re-importation of goods.

79.2. Procedure of exportation of goods shall have the following types:

79.2.1. outright exportation of goods;

79.2.2. temporary exportation of goods;

79.2.3. outward processing of goods; and

79.2.4. re-exportation of goods.

79.3. Procedure of Customs bonded zones shall have the following types:

79.3.1. Customs bonded warehouse;

79.3.2. Customs bonded manufacturing area;

79.3.3. Customs bonded exhibition area;

79.3.4. Customs bonded construction area;

79.3.5. duty free shop; and

79.3.6. Customs special zones.

79.4. Procedure of transit and transshipment shall have the following types:

79.4.1. international transit;

79.4.2. domestic transit; and

79.4.3. transshipment.

79.5. Abandonment or destruction of goods procedure shall have the following types:

79.5.1. abandonment of goods; and

79.5.2. destruction of goods.

79.6. Special procedure shall have the following types:

79.6.1. stores;

79.6.2. goods for diplomatic representative offices and other organizations with diplomatic status across the Customs border;

79.6.3. international post traffic; and

79.6.4. personal effects of traveler; and

79.6.5. free zone.

79.7. The regulation on implementation of Customs procedures, code for procedures, information and documents required under the selected procedure and requirements thereof shall be approved by the Director General of the Customs Central Body.

## **CHAPTER EIGHT**

### **IMPORTATION**

#### **SUB-CHAPTER ONE**

#### **GENERAL PROVISIONS**

#### **Article 80. Payment of Customs Duty and Other Taxes of Goods Imported and Providing Guarantee**

80.1. The Customs shall levy import Customs duty and other taxes on goods upon importation as stated in 78.1.1 and collect to transfer to the State revenue.

80.2. Customs may accept guarantee to ensure payment of Customs duty other taxes for goods imported in accordance with the Law on Customs Tariff and Duties.

### **Article 81. Non-tariff Restrictions for Goods upon Importation**

81.1. Goods upon importation shall be subject to non-tariff restrictions except those prohibited to be admitted through the border of Mongolia.

## **SUB-CHAPTER TWO**

### **IMPORTATION OF GOODS FOR HOME USE**

#### **Article 82. Importation of Goods for Home Use**

82.1. Goods placed for importation for home use shall be released for free circulation upon the payment of Customs duties and other taxes levied after the lodgment of the required documents stated in 79.1.1 of this Law.

84.2. Goods fully or partially relieved from Customs duty and other taxes shall be disposed for designated use as stated in the Customs legislation.

#### **Article 83. Goods Imported for Home Use**

83.1. The following goods shall be placed for importation for home use:

83.1.1. foreign goods imported;

83.1.2. foreign goods imported for home use being placed under other procedures.

#### **Article 84. Termination of Importation for Home Use**

84.1.1. Importation for home use shall be terminated when the goods are released to the declarant or placed under other procedures.

## **SUB-CHAPTER THREE**

### **PROCESSING FOR HOME USE**

#### **Article 85. Processing for Home Use**

85.1. In accordance with processing of goods for home use, foreign goods shall be temporarily imported upon lodgment of the required documents for placing under the procedure stated in 82.1. of this Law .

85.2. Processing operations stated in 85.1. of this Law shall be:

85.2.1. processing or concentrating of goods concerned;

85.2.2. manufacturing new goods by using goods concerned.

### **Article 86. Requirements for Goods for Processing for Home Use**

86.1. Goods to be placed under processing for home use shall comply with the following requirements:

86.1.1. amount of Customs import duty and other taxes levied on such goods shall be higher than the amount of Customs duty and other taxes levied on processed goods;

86.1.2. Customs shall be able to control processing of such goods;

86.1.3. Customs shall be able to identify goods concerned from processed goods;

86.1.4. an original state of the goods cannot be recovered after the processing.

### **Article 87. Goods To Be Placed under Processing for Home Use**

87.1. The following goods shall be permitted to be placed under processing for home use procedure:

87.1.1. foreign goods imported;

87.1.2. foreign goods imported from Customs bonded zones.

### **Article 88. Customs Identification Mark for Goods under Processing for Home Use**

88.1. Customs shall use identification mark, for the Customs purposes, for goods placed under processing for home use.

91.2. Identification mark used for the Customs purpose shall be most appropriate marking as stated in 263.1. of the Law .

## **Article 92. Duration of Stay of Goods Placed under Processing for Home Use**

92.1. Duration of stay of goods placed under processing for home use shall be not more than one year since the placement date under such procedure.

92.2. The Customs Central Body may extend duration of stay of goods under the processing for home use by up to six months for one time.

## **Article 93. Legal Person Authorized to Process Goods for Home Use**

93.1. Any legal person intending to process goods for home use shall submit his/her request to the Customs Central Body before the goods imported.

93.2. The legal person stated in 93.1. of Law shall request in a written form and submit the following information and documents:

93.2.1. address and a copy of the state registration certificate of the legal person,

93.2.2. description, classification code and types of goods for processing and goods to be processed, yield and quantity of waste and residues thereof;

93.2.3. name, location and address of processing enterprise;

93.2.4. methods, production phases and duration of processing of goods;

93.2.5. other information on goods processing operations.

93.3 The Customs Central Body shall make decision within 21 working days after the acceptance of the request and shall notify in a written form.

93.4. In case goods under processing for home use are transferred to other person it shall notify the Customs Central Body.

## **Article 94. Waste and Residue of the Goods Processed for Home Use**

94.1. Wastes and residues left by processing of goods for the home use shall be cleared in accordance with the procedure selected by the declarant.

## **Article 95. Termination of Processing for Home Use**

95.1. Processing for home use shall be terminated when the goods or processed goods made thereof are placed under importation for home use or other procedures.

## **SUB-CHAPTER FOUR**

### **TEMPORARY ADMISSION OF GOODS**

#### **Article 96. Temporary Admission Procedure**

96.1. Foreign goods shall be temporarily admitted upon the lodgment of required documents in accordance with temporary admission procedure of goods intended for re-exportation within stated in period with no change.

96.2. Goods temporarily admitted shall be utilized for designated use.

96.3. Goods temporarily admitted shall not be altered except the changes caused by depreciation under normal conditions of haulage (transportation), storage and use of such goods.

96.4. In order to preserve quality of goods, service for goods temporarily admitted may be offered.

#### **Article 97. Goods To Be Placed under Temporary Admission**

97.1. The following goods shall be placed under temporary admission procedure:

97.1.1. foreign goods imported inward;

97.1.2. foreign goods imported from Customs bonded zones;

#### **Article 98. Payment of Customs Duty and Other Taxes of Goods Temporarily Admitted and Providing Guarantee**

98.1. Customs shall levy and collect import Customs duty and other taxes for goods placed under the temporary admission and transfer to the special account in the State Fund.



98.2. Customs may accept guarantee to ensure payment of Customs duties other taxes for goods placed under the temporary admission in accordance with the Law on Customs Tariff and Duties.

#### **Article 99. Customs Identification Mark for Goods Placed under Temporary Admission**

99.1. Customs shall use Customs identification mark for goods placed under temporary admission.

99.2. The Customs identification mark used for goods under temporary admission shall be most appropriate marking as stated in 263.1. of Law .

#### **Article 100. Time Limit for Re-exportation of Temporarily Admitted Goods**

100.1. Time limit for re-exportation of goods placed under temporary admission shall be not more than one year since the date of placement under such procedure.

100.2. The Customs Central Body may extend the duration of re-exportation of goods under the temporary admission by up to six months for one time.

100.3. If goods placed under the temporary admission are imported for implementation of national projects or measures, the Cabinet Minister in charge of Customs matters shall extend time limit beyond the time limit as stated in 100.2 of the Law . In this case the time limit for goods placed under the temporary admission shall not exceed period needed for implementation of such national projects or measures.

#### **Article 101. Termination of Temporary Admission Procedure**

101.1. Temporary admission shall be terminated upon the re-exportation of the goods concerned or transferred to other procedure.

### **SUB-CHAPTER FIVE**

#### **INWARD PROCESSING**

#### **Article 102. Inward Processing**

102.1. Foreign goods shall be temporarily admitted upon the lodgment of required documents in accordance with inward processing of goods intending re-exported within specified period after the processing.

102.2. Processing stated in 102.1. of Law shall cover:

102.2.1. processing or concentrating of goods concerned;

102.2.2. manufacturing new goods by using goods concerned;

102.2.3. repair of the goods;

102.2.4. use of the goods for manufacturing other goods. The goods may cease to exist being used totally for manufacturing.

### **Article 103. Requirements for Goods To Be Placed under Inward Processing**

103.1. Goods to be placed under inward processing shall comply with the following requirements:

103.1.1. Customs shall be able to control processing of such goods;

103.1.2. Customs shall be able to identify such goods from processed ones;

### **Article 104. Goods To Be Placed under Inward Processing**

104.1. The following goods shall be placed under inward processing procedure:

104.1.1. foreign goods imported;

104.1.2. foreign goods imported from Customs bonded zones.

### **Article 105. Payment of Customs Duty and Other Taxes of Goods under Temporary Admission and Providing Guarantees**

105.1. Customs shall levy and collect import Customs duty and other taxes for goods placed under the inward processing and transfer to the special account in the State Fund.

### **Article 106. Customs Identification Mark for Goods under Inward Processing**

106.1. Customs shall use identification marks for goods placed under inward processing.

106.2. Customs identification mark used for goods for goods under the inward processing shall be most appropriate marking as stated in 263.1. of Law .

### **Article 107. Time Limit for Goods under Inward Processing**

107.1. Time limit for goods placed under inward processing shall be not more than one year since the date of placement under such procedure.

107.2. Customs Central Body may extend the duration of goods under inward processing by up to six months for one time.

### **Article 108. Legal Person Authorized to Carry out Operations of Inward Processing**

108.1. Any legal person intending to process goods inward shall submit his/her request to the Customs Central Body before goods imported.

108.2. When making decision on the request stated in 108.1 of Law , 93.2 of Law shall be complied.

### **Article 109. Waste and Residue of the Goods Processed Inward**

109.1. Wastes and residues left by processing goods placed under inward processing shall be cleared in accordance with the procedure selected by the declarant.

### **Article 110. Termination of Inward Processing**

110.1. Inward processing shall be terminated when the goods are re-exported or under other procedures.

## **SUB-CHAPTER SIX**

## **RE-IMPORTATION**

### **Article 111. -importation**

111.1. Mongolian goods exported outright in accordance with 82.2.1. of Law shall be re-imported upon the lodgment of required documents.

### **Article 112. Goods To Be Placed under Re-importation**

112.1. The following goods shall be placed under re-importation:

112.1.1. Mongolian goods imported;

112.1.2. Mongolian goods entered to Customs bonded zones.

112.2. If the Mongolian goods exported outright are altered, such goods shall be regarded as foreign goods and shall be placed under other procedures.

### **Article 113. Payment of Customs Duty and Other Taxes of Goods under Re-importation**

113.1. When goods re-imported are proved to be the Mongolian goods Customs duty and other taxes shall not be levied.

113.2. When goods exported outright are re-imported export Customs duty and other taxes shall not be refunded.

### **Article 114. Documents Required under Re-importation**

114.1. Goods shall be placed under re-importation on the basis of Customs declaration form and previous Customs declaration form.

### **Article 115. Termination of Re-importation**

115.1. Re-importation shall be terminated upon the re-importation of the goods to or placed under other procedures.

## **CHAPTER NINE**

### **OUTRIGHT EXPORTATION**

#### **SUB-CHAPTER ONE**

#### **GENERAL PROVISIONS FOR OUTRIGHT EXPORTATION**

## **Article 116. Payment of Customs Duty and Other Taxes of Goods under Exportation Procedure and Provide Guarantees**

116.1. Customs shall levy and collect export Customs duty and other taxes for goods placed under the outright exportation and transfer to the State Budget or to special account in the State Fund.

116..2. Customs may accept guarantee to ensure payment of Customs duties other taxes for goods placed under the outright exportation in accordance with the Law on Customs Tariff and Duties.

## **Article 117. Non-tariff Restrictions for Goods under Exportation**

117.1. Goods under outright exportation shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

## **SUB-CHAPTER TWO**

### **OUTRIGHT EXPORTATION**

#### **Article 118. Outright Exportation**

118.1. Mongolian goods shall be exported from the Customs territory upon lodgment of documents required for outright exportation and upon the payment of export duties and other taxes if the goods are subject to export Customs duties and other taxes.

#### **Article 119. Goods To Be Placed under Outright Exportation**

119.1. The following goods shall be placed under outright exportation:

119.1.1. Mongolian goods in the Customs territory;

119.1.2. goods under other Customs procedures.

#### **Article 120. Outright Exportation of Foreign Goods in Free Circulation**

120.1. Customs duty and other taxes shall not be refunded when foreign goods in free circulation are exported outright.

#### **Article 121. Termination of Outright Exportation**

121.1. Outright exportation shall be terminated upon the outright exportation across the State border or transferred to other procedure.

## **SUB-CHAPTER THREE**

### **TEMPORARY EXPORTATION**

#### **Article 122. Temporary Exportation**

122.1. Mongolian goods shall be exported temporarily upon lodgment of documents required for temporary exportation and intending to be re-imported with no change within the specified period.

122.2. Goods temporarily exported shall not be changed except the changes caused by depreciation under normal conditions of haulage (transportation), storage and use of the goods

122.3. In order to preserve quality of goods, service for goods temporary exported may be offered.

#### **Article 123. Goods To Be Placed under Temporary Exportation**

123.1. The following goods shall be placed under temporary exportation:

123.1.1. Mongolian goods in the free circulation in the Customs territory;

123.1.2. goods transferred from other procedures.

#### **Article 124. Temporary Exportation of Foreign Goods in Free Circulation**

124.1. When foreign goods in free circulation are temporarily exported, Customs duty and other taxes shall not be refunded.

#### **Article 125. Customs Identification Mark for Goods under Temporary Exportation**

125.1. Customs shall use Customs identification mark for goods placed under temporary exportation.

125.2. The Customs identification mark used for goods under the temporary exportation shall be most appropriate marking stated in 263.1. of Law .

#### **Article 126. Time Limit for Re-imported Goods**

126.1. Time limit for re-importation of goods placed under temporary exportation shall be not more than one year since the date of placement under such procedure.

126.2. The Customs Central Body may extend the duration of re-importation of goods temporarily exported by up to six months for one time.

#### **Article 127. Termination of Temporary Exportation**

127.1. Temporary exportation shall be terminated upon re-importation of the goods or placed under other procedure.

### **SUB-CHAPTER FOUR**

#### **OUTWARD PROCESSING**

#### **Article 128. Outward Processing**

128.1. Mongolian goods shall be exported temporarily upon lodgment of the documents required for outward processing of goods intending to be processed and re-imported within the stated in period.

128.2. "Processing" of goods under outward processing shall be defined as stated in 102.2 of Law .

#### **Article 129. Requirements for Goods To Be Placed under Outward Processing**

129.1. Goods to be placed under outward processing procedure shall meet the following requirements:

129.1.1. Customs shall be able to control processing of such goods;

129.1.2. Customs shall be able to use Customs identification marks for the processed goods.

#### **Article 130. Goods To Be Placed under Outward Processing**

130.1. The following goods shall be placed under outward processing:

130.1.1. Mongolian goods in the free circulation;

130.1.2. goods transferred from other procedures

### **Article 131. Placing Foreign Goods in the Free Circulation under Outward Processing Procedure**

131.1. When foreign goods in free circulation are placed under the outward processing, Customs duty and other taxes shall not be refunded.

### **Article 132. Customs Identification Mark for Goods under Outward Processing**

132.1. Customs shall use identification mark, for the Customs purposes, for goods placed under outward processing.

132.2. Customs identification mark used for goods under the outward processing shall be most appropriate marking as stated in 263.1. of the Law .

### **Article 133. Time Limit for Re-importation**

133.1. Time limit for re-importation of goods placed under outward processing shall be not more than one year since the date of placement under such procedure.

133.2. The Customs Central Body may extend the duration of re-importation of goods under the outward processing by up to six months for one time.

### **Article 134. Termination of Outward Processing**

134.1. Outward processing procedure shall be terminated upon re-importation of the goods or placed under other procedure.

## **SUB-CHAPTER FIVE**

### **RE-EXPORTATION**

#### **Article 135. Re-exportation**

135.1. Goods proved to be foreign goods shall be re-exported upon the lodgment of the documents required for the re-exportation free of Customs duties and other taxes.

#### **Article 136. Goods To Be Placed under Re-exportation**

136.1. The following goods shall be placed under re-exportation:



136.1.1. foreign goods except those in the free circulation being in the Customs territory;

136.1.2. foreign goods placed to Customs bonded zones.

**Article 137. Payment of Customs Duty and Other Taxes of Goods under Re-exportation and Providing Guarantees**

137.1. Customs shall not levy Customs duty and other taxes on goods under re-exportation which are proved to be foreign goods.

137.2. When foreign goods placed under importation for home use are re-exported, custom duty and other taxes shall not be refunded.

137.3. When goods temporary admitted are re-exported, Customs duty and other taxes shall not be refunded if the goods are altered except the changes caused by depreciation under normal conditions of haulage (transportation), storage and use of the goods.

137.4. When goods placed under the inward processing are re-exported, Customs duty and other taxes shall be levied on quantity and expenses related to the processing of the goods.

**Article 138. Documents Required under Customs procedure**

138.1. Customs declaration form and previous Customs declaration form are required for placing goods under re-exportation.

**Article 139. Termination of Re-exportation**

139.1. Re-exportation shall be terminated upon the carriage of the goods across the Customs border or placed under other procedure.

**CHAPTER TEN**

**CUSTOMS BONDED ZONE**

**SUB-CHAPTER ONE**

**GENERAL PROVISIONS FOR CUSTOMS  
BONDED ZONES**

**Article 140. General Principles of Customs Bonded Zones**

140.1. The goods to be placed in Customs bonded zone shall be cleared upon the lodgment of required documents.

140.2. The Customs simplified clearance shall be applied without requiring guarantees for Customs duty and other taxes when goods are placed under Customs bonded zone directly from abroad not being in transit through the Customs territory or exported directly abroad not being in transit through the Customs territory.

140.3. The goods entering or leaving Customs bonded zones shall be cleared in compliance with Customs legislation, exchange and tariff rates effective on the date of goods entry or dispatch from Customs bonded zones.

140.4. Import Customs duty shall not be levied on goods brought from abroad and placed under Customs bonded zone while export Customs duty and other taxes shall be levied on Mongolian goods placed under such procedure if they are brought from the Customs territory and collected for the State budget.

140.5. Import Customs duty and other taxes shall not be refunded for foreign goods in the free circulation when such goods are placed into the Customs bonded zone.

140.6. Goods to be placed in the Customs bonded zone shall not be subject to non-tariff restrictions except the prohibition to carry across the Mongolian border.

140.7. When goods enter and leave Customs bonded zone from and to abroad, they shall not be restricted upon any grounds other than those related with public security, public mverbale, hygiene, health, quarantine, trade marks and intellectual property rights.

#### **Article 141. Authorization of Operations in Customs Bonded Zones**

141.1. Types of authorized operations in Customs bonded zone shall be as follows:

141.1.1. running Customs bonded warehouse;

141.1.2. running Customs bonded manufacturing area;

141.1.3. running Customs bonded exhibition area;

141.1.4. running Customs bonded construction area;

141.1.5. establishing Customs special zones; and

141.1.6. running duty free shops.

141.2. The authorization stated in 141.1 of Law shall be granted by the Customs Central Body for up to two years depending on the nature of business. Time limit of the authorization may be extended for the period not exceeding the initial timeframe.

141.3. The authorization stated in 141.1.6 shall be granted through bidding in line with the regulation approved by the Customs Central Body.

141.4. Legal issues not covered by Law concerning issuance, termination, extension of time frame and suspension of authorization stated in 141.1 and control on the activities of the authorized person shall be governed by the Law on authorized economic operations.

### **Article 142. Request for Authorized Operations in Customs Bonded Zone**

142.1. The following documents are required for request for authorization of operations stated in 141.1. of Law in addition to documents required by 11.1.1.-11.1.4 of the Law on authorized economic operations:

142.1.1. documents proving financial capability to recover risks which may arise from such operations;

142.1.2. information on operations and structures;

142.1.3. sketches and diagrams of premises, constructions and platforms;

142.1.4. assessment made by relevant professional organizations;

142.1.5 work place evaluation; and

142.1.6. availability of conditions for Customs control.

142.2. The Customs Central Body shall make decision on the request within 21 working days since the acceptance of such request.

142.3. If the Customs Central Body refuses to accept the request, it shall specify grounds in a written form.

142.4. If the request is accepted, the Customs Central Body shall make decision to grant authorization and issue a certificate.

### **Article 143. Termination and Suspension of Authorization for Operations in Customs Bonded Zone**

143.1. When the owner of the authorization stated in 141.1. of Law violates the requirements and conditions of Customs bonded zone, the Customs Central Body shall suspend the operations for the period of up to three months.

143.2. When the owner of the authorization stated in 141.1. of Law violates the requirements and conditions of Customs bonded zone and provisions of the Customs legislation more than twice, the Customs Central Body shall terminate the authorization.

143.3. If the authorization is terminated in accordance with 143.2. of Law , the Customs Central Body shall determine timeframe for removing goods in the Customs bonded zone to other procedures under Customs control.

## **SUB-CHAPTER TWO**

### **CUSTOMS BONDED WAREHOUSE**

#### **Article 144. Customs Bonded Warehouse**

144.1. For getting wider market opportunities and referral of Customs duty and other taxes, goods may be placed in Customs bonded warehouse upon the lodgment of required information and documents.

#### **Article 145. Goods To Be Placed in Customs Bonded Warehouse**

145.1. The following goods shall be placed in Customs bonded warehouse:

145.1.1 Mongolian goods;

145.1.2. foreign goods coming from abroad;

145.1.3 goods which are placed in other procedures.

#### **Article 146. Non-tariff Restrictions for Goods under Customs Bonded Warehouse**

146.1. Foreign goods to be placed in Customs bonded warehouse shall be subject to non-tariff restrictions except the prohibition to carry across the Mongolian border.

146.1.2. Mongolian goods to be placed in Customs bonded warehouse shall be subject to non-tariff restrictions.

#### **Article 147. Types of Customs Bonded Warehouses**

147.1. Customs bonded warehouse may be open for public use or closed for use solely by one or more economic entities or organizations.

147.2. All goods, owned by economic entities, organizations and individuals, except those prohibited to be carried across the Mongolian border may be placed in the Customs open bonded warehouse.

147.3. Goods which require special storage conditions, facilities and equipment or which may have affect other goods shall be placed in the Customs closed bonded warehouse.

#### **Article 148. Requirements for Customs Bonded Warehouse**

148.1. The authorized owner of bonded warehouses shall follow the requirements and conditions as follows:

148.1.1. to be guided by a rules on warehouse operations and access thereto;

148.1.2. to provide workplace for Customs officials whose duty is the Customs control for warehouse;

148.1.3. to admit and discharge goods to and from warehouse under the Customs control;

148.1.4. warehouse owner shall be obliged in accordance with the law to recover losses caused to other persons due damage and loss of goods and deterioration of quality occurred by his/her negligence;

148.1.5. to interface warehouse with the Customs data network;

148.1.6. keep an inventory of goods in warehouse and submit reports to the Customs in the time;

148.1.7. to ensure quantity and quality of goods when warehouse ownership is suspended;

148.1.8. to store goods in sorted out order in the warehouse and label them indicating the name, type, quantity and remaining quantity of the goods.

148.1.9. the warehouse owner shall notify the declarant or concerning person in a written form storage timeframe 14 days before its expiry;

148.1.10. to isolate warehouse from other premises and constructions, provide proper equipment for preserving goods quality in line with relevant standards. On technical requirements and hygiene standards.

#### **Article 149. Operations Authorized in Customs Bonded Warehouses**

149.1. The following operations shall be authorized by the Customs in Customs bonded warehouse:

149.1.1. ensuring preservation of goods;

149.1.2. unpacking, sorting out, packing, repackaging and placing identification marks;

149.1.3. other operations authorized by the Customs.

#### **Article 150. Timeframe for Storage of Goods in Customs Bonded Warehouse**

150.1.1. Goods are authorized to be kept in Customs bonded warehouse for up to two years. The Customs Central Body may extend the timeframe by up to one year for one time.

#### **Article 151. Termination of Customs Bonded Warehouse**

151.1. Customs bonded warehouse procedure shall be terminated upon placement of goods under other procedures or the warehouse is closed down.

### **SUB-CHAPTER THREE**

#### **CUSTOMS BONDED MANUFACTURING AREA**

#### **Article 152. Customs Bonded Manufacturing Area**

152.1. For the purposes of promoting development of particular sector or industry significant to the state economy and enhance competitiveness of certain goods in the world market, Customs bonded manufacturing area may be established in the Customs territory.

#### **Article 153. Goods To Be Placed into Customs Bonded Manufacturing Area**

153.1. The following goods shall be placed into Customs bonded manufacturing area:

153.1.1. Mongolian goods;

153.1.2. foreign goods coming from abroad;

153.1.3. goods placed in other procedure.

153.2. Technical facilities and equipment required for the operation of Customs bonded manufacturing area shall not be placed under this procedure.

#### **Article 154. Non-tariff Restrictions for Goods under Customs Bonded Manufacturing Area Procedure**

154.1. Foreign goods to be placed into Customs bonded manufacturing area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

154.2. Mongolian goods to be placed into Customs bonded manufacturing area shall be subject to non-tariff restrictions.

#### **Article 155. Requirement for Customs Bonded Manufacturing Area Procedure**

155.1. The authorized owner of the Customs bonded manufacturing area shall follow requirements and conditions as follows:

155.1.1. to provide statement given by the relevant organizations proving that equipment to be installed as advanced technology and equipment and manufactured products resulted in application of such technology and equipment are able to compete on the market;

155.1.2. to provide working conditions for the Customs officials and equipment necessary for Customs control;

155.1.3. to provide reliable CCTV, alarms system, lighting and fire safety;

155.1.4. premises for manufacturing shall isolated by fences other premises and required signs and warnings shall be placed;

155.1.5. to admit and discharge goods to and from manufacturing area under the Customs control;

155.1.6. Customs bonded manufacturing area owner shall be obliged to recover in accordance with the law losses caused to other persons due to damage, loss of goods and deterioration of quality occurred by his/her negligence

### **Article 156. Authorized Operations in Customs Bonded Manufacturing Area**

156.1. The following operations shall be authorized in Customs bonded manufacturing area such as:

156.1.1. manufacturing of goods;

156.1.2. processing of raw materials;

156.1.3. servicing and repairing;

156.1.4. taking samples and specimens;

156.1.5. other operations authorized by the Customs.

### **Article 157. Timeframe for Placing Goods in the Customs Bonded Manufacturing Area**

157.1. Goods are authorized to be kept in Customs bonded manufacturing area for up to two years. The Customs Central Body may extend the timeframe by up to one year for one time.

### **Article 158. Termination of Customs Bonded Manufacturing Area Procedure**

158.1. Customs bonded manufacturing area procedure shall be terminated upon the placement of goods under other procedures or the Customs bonded manufacturing area is closed down.

## **SUB-CHAPTER FOUR**

### **CUSTOMS BONDED EXHIBITION AREA**

#### **Article 159. Customs Bonded Exhibition Area**

159.1. For the purposes of creating opportunities for exploration of an advanced technology and obtain such technology, Customs bonded exhibition area may be established in the Customs territory.

#### **Article 160. Goods To Be Placed under Customs Bonded Exhibition Area**



160.1. The following goods shall be placed under Customs bonded exhibition procedure:

160.1.1. Mongolian goods in free circulation;

160.1.2. foreign goods coming from abroad;

160.1.3. goods placed under other procedure.

#### **Article 161. Non-tariff Restrictions for Goods Placed into Customs Bonded Exhibition Area**

161.1. Foreign goods to be placed into Customs bonded exhibition area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

161.2. Mongolian goods to be placed into Customs bonded exhibition area shall be subject to non-tariff restrictions.

#### **Article 162. Requirements for Placement under Customs Bonded Exhibition Area**

162.1. The following conditions and requirements shall be met in Customs bonded exhibition area:

162.1.1. to admit goods only for exhibition;

162.1.2. to provide reliable CCTV, alarms system, lighting and fire safety;

162.1.3. premises for manufacturing shall be isolated by fences other premises and required signs and warnings shall be placed;

162.1.4. to provide workplace for Customs officials and equipment necessary for Customs control;

#### **Article 163. Operations Authorized in Customs Bonded Exhibition Area**

163.1. The following operations shall be carried out in Customs bonded exhibition area:

163.1.1. to exhibit goods;

163.1.2. to conduct a test or trial;

163.1.3. to deliver services; and

163.1.4. to take samples or specimens.

#### **Article 164. Timeframe for Goods To Be Placed in Customs Bonded Exhibition Area**

164.1. Goods are permitted to be kept in Customs bonded manufacturing area for up to two years. The Customs Central Body may extend the timeframe by up to one year for one time.

#### **Article 165. Termination of Customs Bonded Exhibition Area Procedure**

165.1. Customs bonded exhibition area procedure shall be terminated upon the placement of goods under other procedures or the Customs bonded exhibition area is closed down.

### **SUB-CHAPTER FIVE**

#### **CUSTOMS BONDED CONSTRUCTION AREA**

#### **Article 166. Customs Bonded Construction Area**

116.1. For the purposes of promoting construction of buildings or complexes strategically important for the Mongolia's economy using foreign construction materials, Customs bonded construction areas may be established in the Customs territory.

#### **Article 167. Good To Be Placed in Customs Bonded Construction Area**

167.1. The following goods shall be placed in the Customs bonded construction area:

167.1.1. foreign construction material coming from abroad;

167.1.2. foreign construction materials placed under other procedures.

167.2. Technical facilities, equipment, tools and machineries to be used for construction of such objects shall not be placed under this procedure.

### **Article 168. Non-tariff Restrictions for Goods under Customs Bonded Construction Area**

168.1. Foreign construction materials to be placed into Customs bonded construction area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

168.2. Mongolian goods to be placed into the Customs bonded construction area shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolia border.

### **Article 169. Requirements for Customs Bonded Construction Area**

169.1. The following conditions and requirements shall be met in Customs bonded construction area:

169.1.1. to provide reliable CCTV, alarms system, lighting and fire safety;

169.1.2. construction area shall be isolated by fences from other premises and required signs and warnings shall be placed;

169.1.3. to provide a workplace for Customs officials and equipment necessary for Customs control;

169.1.4. to provide conditions for Customs control on processes and phases of construction work;

169.1.5. to obtain the Government decision to build such construction object, resolution to allot a plot of land and statement confirming no unpaid taxes by tax authority;

169.1.6. to submit report to the Customs within the stated in time on goods admitted to the construction area, Termination level of the construction work and contents and norms of construction materials used for the operation.

### **Article 170. Operations Authorized in Customs Bonded Construction Area**

170.1. The following operations are authorized in Customs bonded construction area:

170.1.1. to inspect construction material;

170.1.2. to process construction materials;

170.1.3. to conduct construction work;

170.1.4. other operations authorized by the Customs.

170.2. Goods shall be placed in Customs bonded construction area for the period until the Termination of the construction work.

170.3. Goods remaining after the Termination of the construction work shall be placed under other Customs procedure.

### **Article 171. Termination of the Customs Bonded Construction Area Procedure**

171.1. Customs bonded construction area procedure shall be terminated when the goods are placed under other procedures or construction work is terminated.

## **SUB-CHAPTER SIX**

### **DUTY FREE SHOP**

#### **Article 172. Duty Free Shop**

172.1. Duty free shops where goods not intended for use in the Customs territory are admitted without Customs duty and other taxes and sold under the Customs control may be established in the Customs territory.

172.2. Duty free shops designed for officials with diplomatic privileges and immunity of diplomatic representative offices and international organization in Mongolia and passenger carrying across the Customs border of Mongolia may be established at the border ports, international airports or in the inland of the Customs territory.

#### **Article 173. Goods To Be Placed under Duty Free Shop Procedure**

173.1. Economic entities running duty free shop may place any goods into duty free shop except the following goods:

173.1.1. goods prohibited to be carried across the Mongolian border;

173.1.2. non personal effects designated for manufacturing, technical operations and construction;

173.1.3. goods with weight exceeding of 20 kg and dimensions more than 200 cm;

173.1.4. spirit, cigarette and tobacco packed in the quantity exceeding the allowed amount for personal use of passenger or packed for retail sale;

173.1.5. medicines and medical products;

173.1.6. imported and ordered goods by other economic entities or organization;

173.2. Goods produced in Mongolia may be placed into duty free shops.

#### **Article 174. Requirements for Duty Free Shops**

174.1. Duty free shops shall meet the following condition and requirements:

174.1.1. they shall have sales hall, warehouse and supporting facility in conformity with the international standards;

174.1.2. equipment, furnishings, lighting, alarms and CCTV monitoring system shall be at the level of duty free shops in other countries;

174.1.3. sales hall of duty free shops operating at the border ports shall be constructed to restrict carriage of goods to the Customs territory and transfer to other persons;

174.1.4. the authorized owner duty free shop shall conclude a sales contract with a foreign supplier;

174.1.5. goods shall be sold at a price in conformity with international price free of Customs duty and other taxes;

174.1.6. duty free shops operating at the border port shall sell goods upon presenting passenger ticket, passport and passenger's declaration;

174.1.7. operations of duty free shop shall be commenced within 3 months after the authorization is issued;

174.1.8. it shall meet general conditions and requirements for sales operations;

### **Article 175. Non-tariff Restrictions for Goods placed in Duty Free Shop**

175.1. Foreign goods to be placed into duty free shops shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

168.2. Mongolian goods to be placed into duty free shops shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolia border.

### **Article 176. Termination of Duty Free Shop**

176.1. Duty free shop procedure shall be terminated when the goods are placed under other procedures or the duty free shop is closed down.

## **SUB-CHAPTER SEVEN**

### **CUSTOMS SPECIAL ZONE PROCEDURE**

#### **Article 177. Customs Special Zone**

177.1. For the purposes of promoting development of certain sector, introducing advanced technology and creating favorable environment for investment, Customs special zone may be established in the Customs territory.

#### **Article 178. Goods To Be Placed under Procedure**

178.1. Special zone goods shall be placed under special Customs procedure.

#### **Article 179. Non-Tariff Restrictions**

179.1. Foreign goods to be placed into Customs special zone shall not be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

179.2. Mongolian goods to be placed into Customs special zone shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolia border

## **Article 180. Requirements for Customs Special Zone**

180.1. Customs special zone shall meet the following conditions and requirements;

180.1.1. to provide documents and relevant materials confirming operations stated in 181.1. of Law for promoting development of certain sector, introducing advanced technology and creating favorable environment for investment and where necessary obtain permission form competent authorities;

180.1.2. the authorized owner of the Customs special zone shall be interfaced with the Customs data network;

180.1.3. to conclude a contract with concerning Customs on control and submit required reports when deemed needed;

180.1.4. to run the Customs special zone in accordance with the conditions and requirements and provide accurate records and reports;

180.1.5. to register goods or means of transport entering the zone, administer and control goods processing, manufacturing, assembling and exhibiting and provide working conditions for the Customs officers for in charge of Customs control and examination;

180.1.6. the authorized owner of the Customs special zone shall be responsible for preservation of goods and inventory in the zone and record goods admitted to the zone in line with approved forms and submit goods movement report to the concerning Customs every month;

180.1.7. Customs special zone shall be isolated by fences from other premises and required signs and warnings shall be placed;

180.1.8. to provide reliable CCTV, alarms system, lighting and fire safety;

180.2. Storage period of goods admitted to the Customs special zone shall not be restricted except the emergency cases.

## **Article 181. Operations Authorized in Customs Special Zone**

181.1. The following operations shall be authorized in Customs special zone:

181.1.1. manufacturing;

181.1.2. processing; and

181.1.3. service delivery.

### **Article 182. Termination of Procedure**

182.1. Customs special zone procedure shall be terminated when the goods are placed under other procedure or Customs special zone is closed down.

## **CHAPTER ELEVEN**

### **TRANSIT, TRANSSHIPMENT, ABANDONMENT OF GOODS AND DESTRUCTION OF GOODS**

#### **SUB-CHAPTER ONE**

#### **INTERNATIONAL TRANSIT**

### **Article 183. International Transit**

183.1. In accordance with the international transit procedure, foreign goods shall move in transit from the border Customs of entry to the border Customs of exit along the Customs route within the stated in period with no changes to goods concerned.

183.2. Consignor and consignee of goods in international transit shall be abroad.

183.3. Goods in international transit shall not be changed except those caused by depreciation under normal conditions of haulage (transportation), storage and use of the goods.

### **Article 184. Requirements for Placing Goods under International Transit**

184.1. Goods to be placed under international transit shall be goods carried from abroad through the Customs territory to abroad.

184.2. Goods to be placed under international transit shall meet the following requirements:

184.2.1. the Customs shall be able to control the goods in transit;



184.2.2. the Customs shall be able to place identification marks for Customs purposes;

184.2.3. it shall be able to place identification marks for the Customs purposes on means of transport carrying the goods in international transit;

#### **Article 185. Payment of Customs Duty and Other Taxes of Goods in International Transit and Providing Guarantees**

185.1. The Customs shall not levy Customs duty and other taxes on goods placed in international transit.

185.2. The Customs may request guarantee in accordance with the Law on Customs Tariff and Duties in case if compliance of the requirements stated in 184.2 of Law are not met.

#### **Article 186. Non-tariff Restrictions for Goods in International Transit**

186.1. Goods placed under international transit shall not be subject to non-tariff restrictions.

#### **Article 187. Placing Customs Identification Mark on Goods In International Transit**

187.1. The Customs shall place Customs identification mark for goods placed under international transit.

187.2. Identification mark placed for the Customs purpose on goods in international transit shall be most appropriate marking stated in 263.1. of Law .

#### **Article 188. Transportation of Goods in International Transit Along the Customs Approved Route**

188.1. Goods shall be transported along the national and international transport route approved by the competent authority.

188.2. Goods in international transit shall be transported by the carrier authorized by the Customs Central Body.

#### **Article 189. Registration of Goods and Means of Transport**

189.1. The border Customs shall register goods and means of transport placed in international transit.

### **Article 190. Termination of International Transit Procedure**

190.1. International transit procedure shall be terminated when the goods are carried across the State border or placed under other procedure.

## **SUB-CHAPTER TWO**

### **DOMESTIC TRANSIT**

#### **Article 191. Domestic Transit**

191.1. In accordance with domestic transit procedure, goods are transported in the territory of Mongolia between the following Customs Authorities within the stated in period, under the Customs control and no changes made to goods concerned;

191.1.1. from border Customs to inland Customs;

191.1.2. from inland Customs to border Customs;

191.1.3. from one inland Customs to other inland Customs;

191.1.4. from one border Customs to other border Customs.

191.2. Goods shall be transported under domestic transit procedure from the Mongolian border to the border Customs or from the border Customs to the Mongolian border.

#### **Article 192. Requirements for Placing Goods under Domestic Transit Procedure**

192.1. Goods placed under domestic transit procedure shall meet the following requirements:

192.1.1. the Customs shall be able to control of goods;

192.1.2. the Customs shall be able to place Customs identification marks;

192.1.3. it shall be able to place an identification mark on means of transport carrying goods in domestic transit.

### **Article 193. Payment of Customs Duty and Other Taxes of Goods in Domestic Transit and Providing Guarantees**

193.1. The Customs shall levy Customs duty and other taxes on goods placed in domestic transit and collect for special account in the State Fund.

193.2. The Customs may demand guarantee to ensure payment of Customs duty and other taxes for goods placed under domestic transit procedure in accordance with the Law on Customs Tariff and Duties.

### **Article 194. Non-tariff Restrictions for Goods in Domestic Transit**

194.1. Goods placed under domestic transit procedure shall not be subject to non-tariff restrictions.

### **Article 195. Document Required for Domestic Transit**

195.1. Goods transported from the border Customs to inland Customs, shall be placed under domestic transit upon lodgment of manifest.

195.2. Goods transported from the inland Customs to border Customs, shall be placed under domestic transit upon the lodgment of Customs declaration form.

### **Article 196. Placing Customs Identification Mark on Goods in Domestic Transit**

196.1. The Customs shall place Customs identification mark on goods placed under domestic transit procedure.

196.2. Identification mark placed on the goods in the domestic transit shall be most appropriate marking stated in 263.1. of Law .

### **Article 197. Transportation of Goods in Domestic Transit along the Customs Route**

197.1. Goods in domestic transit shall be transported along the route approved by the Customs.

197.2. Goods placed under domestic transit shall be transported by the carrier authorized by the Customs Central Body.

#### **Article 198. Registration of Good and Means of Transport**

198.1. The Customs shall register goods and means of transport placed under the domestic transit procedure.

#### **Article 199. Termination of Domestic Transit Procedure**

199.1. Domestic transit procedure shall be terminated when the goods are carried across the Mongolian border or placed under other procedure.

### **SUB-CHAPTER THREE**

#### **TRANSSHIPMENT**

#### **Article 200. Transshipment**

200.1. In accordance with transshipment procedure, goods shall be transhipped the lodgment of the documents from transport mode of entry to transport mode of exit in the Customs inspection area of the border Customs with no changes to goods concerned.

#### **Article 201. Goods To Be Placed under Transshipment Procedure**

201. Goods placed under transshipment procedure shall be foreign goods coming from abroad and leaving the country not being transported through the Customs territory.

#### **Article 202. Customs Duty and Other Taxes for Transshipped Goods**

202.1. Customs duty and other taxes shall not be levied on the goods placed under transshipment procedure.

#### **Article 203. Non-tariff Restrictions for Goods Placed under Transshipment**

203.1. Goods placed under transshipment procedure shall not be subject to non-tariff restrictions.

#### **Article 204. Termination of Transshipment Procedure**

204.1. Transshipment procedure shall be terminated when the goods left the country or placed under other procedures.

### **SUB-CHAPTER FOUR**

#### **ABANDONED GOODS**

#### **Article 205. Abandoned Goods**

205.1. The consignee refused to accept goods which are under Customs control, they shall placed under abandoned goods procedure.

#### **Article 206. Goods To Be Placed under Abandoned Goods Procedure**

206.1. Goods placed under abandoned goods procedure shall be sufficient to recover expenses after such goods are sold.

#### **Article 207. Customs Duty and Other Taxes for Goods placed under Abandoned Goods Procedure**

207.1. Customs duty and other taxes shall not levied on goods placed under abandoned goods procedure.

#### **Article 208. Non-tariff Restrictions for Goods placed under Abandoned Goods Procedure**

208.1. Goods to be placed under abandoned procedure shall not be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

#### **Article 209. Documents Required for Customs Clearance**

209.1. For placing goods under abandoned goods procedure, conclusion made by the relevant organization shall be lodged.

## **Article 210. Termination of Abandoned Goods Procedure**

210.1. Abandoned goods procedure shall be terminated when the goods are transferred to the State ownership.

### **SUB-SUB-CHAPTER FIVE**

### **DESTRUCTION OF GOODS**

## **Article 211. Destruction of Goods**

211.1. When goods under the Customs control are damaged or perished, do not meet quality requirements upon the conclusion made by the competent agencies as harmful to hygiene, health and environment, they shall be destroyed under the Customs control in an eco-friendly way.

211.2. Goods stated in 8.3. of Law shall be placed under destruction of goods procedure.

211.3. After destruction of goods in compliance of this procedure, they shall not be possible to be recovered in the original shape.

## **Article 212. Goods Prohibited To Be Placed under Destruction of Goods**

212.1. Goods except those mentioned as follows may be placed under destruction of goods:

212.1.1. goods of historical and cultural value;

212.1.2. endangered species of animals and plants and products thereof (in the instances other than human and animal infectious diseases epidemic)

212.1.3. goods kept as security of payment of Customs duty and other taxes;

212.1.4. properties detained or sealed in accordance with the relevant laws;

212.1.5. other goods prohibited to be destroyed by the Customs legislation.

## **Article 213. Customs duty and other taxes for Goods Placed**

### **under Destruction of Goods**

213.1. Customs duty and other taxes shall not be levied on goods to be placed under destruction of goods.

### **Article 214. Non-tariff Restrictions for Goods Placed under Destruction of Goods**

214.1. Goods to be placed under destruction of goods shall not subject to non-tariff restrictions.

### **Article 215. Cases not allowing Goods To Be Destroyed**

215.1. Goods shall not be destroyed if the following conditions occur:

215.1.1. destruction of the goods may pose apparent harm to the environment;

215.1.2. destruction of the goods may pose direct or potential threat to human life and public health.

215.2. Goods shall not be destroyed by utilizing them for their designated use.

### **Article 216. Documents Required for Customs Clearance**

216.1. In order to place goods under destruction, the Customs shall not require any documents other than those provided by the competent authority allowing destruction of goods and where necessary conclusion given by the relevant agency.

### **Article 217. Termination of Destruction of Goods**

217.1. Destruction of goods procedure shall be terminated when the goods are destroyed.

## **CHAPTER TWELVE**

## **SPECIAL PROCEDURES**

## **SUB-CHAPTER ONE**

## **STORES**

### **Article 218. Stores**

218.1. Goods intended for consumption by the passengers and the crew members on board and goods necessary for the normal operations of means of transport shall be carried across the Customs border in stores on the basis of required documents.

### **Article 219. Goods To Be Placed in Stores**

219.1. The following goods shall be placed in stores:

219.1.1. goods necessary for normal operations and maintenance of means of transport;

219.1.2. goods for consumption by the passengers and the crew member on board;

219.1.3. goods placed under the duty free shop for sale on board.

219.2. Fuel and lubricants for domestic means of transport engaged in international transport service shall not be placed under this procedure.

### **Article 220. Customs Duty and Other Taxes for Stores**

220.1. The Customs shall not levy Customs duty and other taxes on goods for stores carried across the Customs border.

220.2. If goods are placed under release for home use Customs duty and other taxes shall be refunded.

### **Article 221. Non-tariff Restrictions for Stores**

221.1. Goods placed under stores shall be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

### **Article 222. Termination of Store Procedure**

222.1. Stores procedure shall be terminated when the goods are consumed.



## **SUB-CHAPTER TWO**

### **CARRIAGE OF GOODS FOR DIPLOMATIC MISSIONS AND OTHER IDENTICAL ORGANIZATIONS**

#### **Article 223. Carriage of Goods for Diplomatic missions and other identical organizations**

223.1. The following goods shall be regarded as the goods carried across the Customs border for diplomatic missions and other identical organizations:

223.1.1. goods needed for official use by diplomatic representative office of foreign countries and other identical organizations;

223.1.2. personal effects of the Head of diplomatic missions, diplomats and their family members residing in the foreign country;

223.1.3. personal effects of service and technical workers of foreign diplomatic missions and their family members residing in the foreign country;

223.1.3 diplomatic postal items.

223.2. Customs duty and other taxes shall not be levied on the goods specified in 223.1. of the Law and they shall not be subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border.

223.3. The Customs examination shall not be conducted for the goods specified in 223.1. unless human and animal infectious disease is epidemic or there is a sufficient evidence of proof they are prohibited goods.

223.4. If there is ground specified in 223.3 of Law , the Customs shall examine goods in the presence of the representative of foreign diplomatic mission.

223.5. The regulation on carriage of goods for diplomatic missions and other identical organizations shall be approved by the Customs Central Body.

#### **Article 224. Carriage of Diplomatic Postal Items Across the Customs Border**

224.1. Diplomatic postal items shall be carried across the Customs border with no interference.

224.2. If there is sufficient evidence that diplomatic parcels may contain documents and items not intended for diplomatic official use, the Customs may open the diplomatic parcel in the presence of the representative of foreign diplomatic mission.

224.3. Diplomatic posts shall bear an identification mark confirming its content outside of the package.

### **SUB-CHAPTER THREE**

#### **INTERNATIONAL POSTAL TRAFFIC**

##### **Article 225. Carriage of International Postal Items Across the Customs Border**

225.1. "International postal item" shall mean letters, parcels and parcels as stated in the Postal Law of Mongolia.

225.2. It shall be prohibited to open postal items, release to the recipients or send abroad without the permission of the Customs.

225.3. In case when there is an sufficient evidence that parcels contain prohibited goods or upon request of other Customs administrations, the Customs may detain and inspect international postal items in transit.

225.4. The regulations on carriage of postal items across the Customs border shall be approved jointly by the Cabinet Ministers responsible for Customs and postal matters.

##### **Article 226. Prohibited Items To Be Sent by International Posts and Non-tariff Restrictions for Postal Items**

226.1. The following goods and items shall be prohibited to be sent by international posts:

226.1.1. prohibited goods to be carried across the Mongolian border;

226.1.2. national and foreign currencies and bonds;

226.1.3. original copies of documents such as identification card, driver's license and passport;

226.1.4. second hand clothes, shoes and bed sheets, which are not disinfected;

226.1.5. dangerous goods such as radioactive, chemical precursor, toxic substances and explosives.

226.1.6. goods perishable, damageable and require special storage conditions;

226.1.7. other goods prohibited by the laws.

226.2. The goods subject to non-tariff restrictions except those prohibited to be carried across the Mongolian border by international posts are admitted upon the lodgment of required permissions and licenses by the sender, recipient or their representatives.

### **Article 227. Customs Clearance of International Postal Items**

227.1. The Customs shall clear international postal items with no delay.

227.2. The Customs shall not clear postal items in transit through the Customs territory, but shall control them.

## **SUB-CHAPTER FOUR**

### **PERSONAL EFFECTS OF TRAVELERS**

#### **Article 228. Traveler**

228.1. "Traveler" means:

228.1.1. any person not residing permanently in Mongolia and temporarily enters and leaves the territory of Mongolia;

228.1.2. any person residing permanently in Mongolia and temporarily enters and leaves the territory of Mongolia.

#### **Article 229. Personal Effects and Means of Transport of Traveler**

229.1. "Personal effects of traveler" shall mean:

229.1.1. all articles necessary personal use during the journey;

229.1.2. medicines for personal use;

229.1.3. articles in quantity and value not exceeding the limits permitted to be carried free of Customs duty and other taxes across the Customs border in accordance with the Customs legislation.

### **Article 230. Medicines for Personal Use**

230.1. Medicines carried by the travelers who are traveling on railway, buses, vessels, aircraft and private means of transport for their own use shall be regarded as medicines for personal use.

230.2. Medicines carried by the travelers shall not be regarded as imported goods and import permission shall not be required.

230.3. Medicines for personal use shall include medicines for urgent aid /for up to 7 days/ and for long term recovery treatments / for diabetes, cancer, mental illness and AIDS/.

230.4. The following medicines shall be prohibited to carried across the State border as personal use:

230.4.1. injections;

230.4.2. antibiotic injections,

230.4.3. narcotics;

23.4.4. blood and plasma; and

234.5. immunologic preparations.

### **Article 231. Special Regulations for Travelers Crossing the Customs Border**

231.1. The Customs may apply red and green channels for travelers crossing the Customs border.

231.2. The traveler shall select the channel for crossing the Customs border.

231.3. The traveler may cross through the green channel if he/she do not have goods specified in 8.1. of Law .

231.4. Officials of diplomatic missions and other identical organizations shall cross the Customs border through the green channel.

231.5. Crossing green channel, traveler may not fill out passenger Customs declaration form.

231.6. Signs, notes and explanations concerning red and green channel treatment shall be placed visible to travelers in a hall where the Customs clearance for personal effects and medicines of travelers shall be conducted.

231.7. Personal effects and medicines of travelers crossing through green channel shall be carried across the Customs border under the Customs control.

### **Article 232. Carriage of Traveler's Private Means of Transport Across the Customs Border**

232.1. "Traveler's private means of transport" shall mean private vehicles registered in country where the traveler resides permanently.

232.2. Traveler's private means of transport shall be carried temporarily across the Customs border free of Customs duty and other taxes.

232.3. Spare parts, tools and fuel necessary for maintenance and service for traveler's private means of transport shall be carried across the Customs border free of Customs duty and other taxes.

### **Article 233. Quantity of Traveler's Personal Effects**

233.1. The Customs Central Body shall approve list and quantity of traveler's personal effects to be carried free of Customs duty and other taxes.

## **PART FIVE**

## **PART FOUR**

## **CUSTOMS CONTROL**

## **SECTION THIRTEEN**

## **CUSTOMS CONTROL**

## **Article 234. General provisions of Customs control**

234.1. The Customs shall exercise Customs control.

234.2. Customs control shall be carried out in the Customs territory.

234.3. Regulations on Customs control for goods and means of transport crossing the Customs frontier shall be approved by the Customs Central Body. Special regulations can be approved taking into account of some special circumstances and types of goods and means of transport.

234.4. Loading, unloading, unpacking, alteration of package of goods under the Customs control and moving means of transport shall only be carried out with the Customs permission.

234.5. The Customs shall not be responsible for any expenses and losses incurred in connection with loading, unloading, storing or transshipping of goods under Customs control as well as delay of means of transport.

234.6. Customs control can be carried out on board of means of transport whilst in motion.

234.7. Control equipment and detector dogs can be used for Customs control.

234.8. The Customs may use information technology for Customs control.

234.9. The Customs may utilize information network of customers for Customs purposes as the law allows.

234.10. The Customs shall receive information on action(s) which violated, or attempted to violate Customs legislation with or without any charge and treat it (them) as confidential.

## **235. Principles of Customs Control**

235.1. Customs control shall only be carried out in line with the provisions and regulations stated in the legislation.

235.2. Customs Central Body shall determine Customs control strategy based on the risk assessment system.

235.3. The Customs shall cooperate with other administrations by providing mutual assistance in Customs control.

235.4. When mutually agreed, Customs joint control can be carried out with cooperation of other Customs administrations in the Customs territory of either of a country.

235.5. In order to achieve effective Customs control, the Customs shall promote cooperation with its clients and stakeholders.

### **236. Duration for which Goods or Means of Transport are subject to Customs Control**

236.1. Goods or means of transport crossing the Customs territory shall be subject to Customs control for a period of:

236.1.1. for goods imported for home use – from the time goods enter the territory until the Customs gives a permission to release to free circulation;

236.1.2. for goods or means of transport temporarily imported – from the time goods or means of transport enter the territory until they leave the Customs territory or are placed under other Customs clearance procedure.

236.1.3. for goods and means of transport in international transit – from the time they enter the territory until frontier Customs gives permission to leave Customs territory; where goods or means of transport is in inward transit – from the time they enter the territory until goods or means of transport arrive at the designated inland Customs; where goods or means of transport is in outward transit – from the time goods or means of transport are declared to the inland Customs until frontier Customs gives permission to leave the Customs territory; where goods or means of transport is in domestic transit- from the time goods or means of transport leave inland Customs of departure until they arrive at the inland Customs of destination.

236.1.4. for transshipment of goods – from the time goods enter the territory until they leave the Customs territory.

236.1.5. for goods cleared for outright exportation – from the time goods are declared at Customs until the frontier Customs gives permission to leave the Customs territory.

236.1.6. for goods or means of transport temporarily exported – from the time goods or means of transport are declared to the Customs until the frontier Customs gives permission to leave the Customs territory or are placed under other Customs clearance procedure.

236.2. Goods or means of transport shall be under Customs control while in the Customs bonded zones.

**Article 237. Verification of Accuracy of Information of Goods`  
Released for Free Circulation**

237.1. The Customs may verify the accuracy of information of goods in free circulation in order to ensure the compliance with Customs legislation.

237.2. Accuracy of information of goods in free circulation can be verified on following grounds:

237.2.1. to gather information for determining Customs control strategy on the basis of risk assessment system;

237.2.2. to conduct post clearance audit and recover unpaid duties;

237.2.3. to check information on actions regarding violations or attempt to violate legislation.

237.3. Customs officials appointed by the Director General of the Customs Central Body shall check the accuracy of the information.

237.4. Goods released to the free circulation are subject to examination for the period of up to 5 years.

**Article 238. Customs Control Area**

238.1. The Customs shall determine Customs control area.

238.2. Customs control area can be permanent or temporary.

238.3. Goods shall be stored up to 3 days in the Customs control area after entering the area and if Customs clearance is not completed during this period, goods shall be placed to Customs temporary warehouses.

238.4. If it is not possible to place goods as stated in 238.3. of Law , goods shall be regarded as being placed to open temporary warehouse. In this case, the Control area shall become a temporary warehouse.

238.5. If it is not possible to conduct Customs inspection in the Customs control area, it can be conducted in other places at declarant's expenses.

238.6. Regulations governing the Customs control area shall be approved by the Customs Central Body.



### **Article 239. Submission of Documents and Information Required for Customs Control**

239.1. The clients shall be obliged to submit the Customs the documents and information required for Customs control.

239.2. The Customs shall request the documents and information required for Customs control to be submitted within the specified time limit.

239.3. The Customs may request the documents and information required for the Customs control from other persons.

239.4. Declarant, carrier, owner of the Customs bonded zone shall preserve Customs-related documents for five years.

### **Article 240. Reporting for Customs Control Purposes**

240.1. The Customs brokers, carriers, owners of the Customs bonded zones and temporary warehouses shall be obliged to submit reports in accordance with the forms approved by the Customs.

### **Article 241. Inadmissibility of Unwarranted Damage in the Process of Customs Control**

241.1. When exercising their legal duties, the Customs or officers shall not be allowed to take any actions or inactions which may cause unwarranted damage.

241.2. Any unwarranted damages losses caused by the unlawful actions or inactions of The Customs and officers shall be reimbursed by the Customs.

241.3. Customs officers who caused damages to other persons shall be liable in accordance with relevant legislation of Mongolia.

241.4. Any losses caused to persons by Customs officers' lawful actions or inactions to exercise Customs control shall not be reimbursed by the Customs.

### **Article 242. Types of Customs Control**

242.1. Customs control shall have the following types:

242.1.1. verification of documents and information;

- 242.1.2. verbal declaration;
- 242.1.3. lodgement of explanations;
- 242.1.4. Customs surveillance;
- 242.1.5. outward inspection of goods or means of transport;
- 242.1.6. physical examination of goods or means of transport;
- 242.1.7. search of persons;
- 242.1.8. inspection at premises, warehouses and areas;
- 242.1.9. post clearance audit;
- 242.1.10. other.

242.2. The Customs shall use risk assessment and risk analysis for the Customs control.

#### **Article 243. Verification of Documents and Information**

243.1. For the purposes of verification of accuracy and validity of the documents, the Customs shall conduct documentary check.

243.2. The Customs may request additional documents and information for the purpose of verifying the information in Customs declarations and other documents. The Customs shall notify the reasons of requesting additional documents and information in written form or verbally.

#### **Article 244. Verbal declaration**

244.1. When exercising the Customs control, Customs officers may request the clients to declare verbally.

#### **Article 245. Lodgment of Explanation**

245.1. The Customs and Customs officers may obtain explanations which have special significance for the Customs control in a written form the clients.

#### **Article 246. Customs Surveillance**

246.1 .The Customs and officers shall keep surveillance on means of transport in motion, loading, unloading and transshipment of goods which is subject to Customs control. Control equipment shall be used in surveillance.

#### **Article 247. Outward Inspection of Goods or Means of Transport**

247.1. The Customs shall inspect outward of goods or means of transport including seals and identification mark for certain types of goods.

247.2. In the Customs zone, the Customs may inspect goods or means of transport in the absence of the declarant.

#### **Article 248. Physical Inspection of Goods or Means of Transport**

248.1. The Customs and officers shall conduct the inspection for goods or means of transport after receiving Customs declaration form in order to match.

248.2. The Customs and officer may conduct physical inspection prior to the submission of Customs declaration form in order to identify goods to be carried across the Customs frontier or check information on breach of Customs legislation.

248.3. Customs inspection can be conducted by choosing in a most appropriate way such as removing seal, opening of goods package, identifying and counting goods which are placed for Customs control.

248.4. Declarant must be present when goods or means of transport are inspected. If the declarant is unable to be in presence the carrier may witness the inspection.

248.5. The Customs or officer may perform the Customs inspection of following goods without the presence of the declarant:

248.5.1. Goods which pose threat to national security, human life, animals, plants and the environment such as explosives, inflammable, psychotropic, radioactive, chemical, biological and hazardous substances, drugs, psychotropic substances and historical and cultural value goods;

248.5.2. International postal items;

248.5.3. Goods to be inspected on the basis of the information on potential breach of the Customs legislation.

248.6. If the Customs conducts the physical inspection of goods in accordance with the Article 248.5 of Law , it shall compile on goods inspection record in the presence of witnesses.

248.7. The Customs may be re-inspected.

248.8. If it is not possible to conduct the Customs inspection in the Customs control zone, it can be carried out in the office or private premises, which meet technical requirements approved by the Customs, at the declarant's expenses.

248.9. The Customs shall run the inspection of means of transport for international travelers and cargo within their scheduled stop time. Where necessary, upon the decision of head of the Customs, the stop time may be extended.

### **Article 249. Search of Persons**

249.1. Customs officer may conduct search of a person where there is a sufficient ground or suspicion of a violation or concealment of goods on his/her body. Search of a person is an exclusive form of Customs inspection.

249.2. Customs officer conducting search of a person shall notify the Head of the Customs.

249.3. Prior to the search, the person in question shall be notified and his/her rights and responsibilities should be explained. He or she should be suggested to lodge concealed items on a voluntary basis.

249.4. Search room should meet sanitary and hygienic requirements and access of other persons to the room and any possibility to observe the performance of a search of a person ought to be precluded.

249.5. Customs officer conducting the search shall be the same sex of a person subject to search. Where the same sex officer is unavailable, the search shall be conducted by a medical doctor who is invited for such a purpose.

249.6. Witnesses should be present during the search of a person and said witnesses should be the same sex as person being searched.

249.7. In case when a person subjected to a search is underage or disabled, his/her lawful representative or the person accompanying them shall be in present during a search.

249.8. A person subjected to search is entitled to:

249.8.1. get introduced to his/her rights and obligations;

249.8.2. provide explanations and submit petitions;

249.8.3. examine the record of his/her own search;

249.8.4. speak his/her native language and where necessary to request an interpreter;

249.8.5. lodge complaint in accordance with Law and relevant laws in case his/her lawful rights have been infringed during the search.

249.9. A person subjected to search shall be obliged to obey lawful demands of the Customs officers.

249.10. It shall be prohibited to use during a search methods involving humiliation of the person's dignity, defaming his/her name or damage to the person's health.

249.11. Customs officer shall compile a search record. Customs officer who conducting the search, the person subjected to search and the witnesses thereof shall sign the search record.

## **Article 250. Inspection of premises, warehouses and areas**

250.1. The Customs and officers shall inspect premises, warehouses and areas where goods are stored as follows:

250.1.1. goods temporarily admitted;

250.1.2. goods preserved in the possession of declarant upon the permission of the Customs;

250.1.3. goods stowed in temporary warehouses and Customs bonded zone.

250.2. The Customs and officer shall conduct inspections of premises, warehouses and areas on the basis of the information pertaining to losses of goods or means of transport or violation the Customs legislation.

250.3. For the purposes of verifying the information pertaining goods which entered the Customs territory violating the Customs legislation, the Customs may conduct inspections at the premises, warehouses and areas where goods are brought illegally to places other than those specified in Article 239.1. are sold, possessed or used. In this case, special identification marks may be examined.

250.4. If the owner of the premises, warehouses and areas where goods subjected to the Customs control are preserved refused to be inspected, the Customs shall conduct the inspection entering such premises, warehouses and territories in the presence of witnesses.

### **Article 251. Post clearance audit**

251.1. The Customs shall conduct post clearance audit, after goods or means of transport have been cleared and released, for the purposes of verification of the accuracy of information stated in Customs declaration form and other documents and assessment of export and import record of the declarant.

251.2. The Customs and officers have following rights for conducting post clearance audit to:

251.2.1. to demand submission of Customs documents, accounting records, financial and other necessary documents and have an access to database;

251.2.2. to verify, have copies and authenticate documents for audit and demand to provide explanations, inquiries and clarifications;

251.2.3. to have an access to premises, warehouses and areas of receiver, owner and proprietor of goods and any persons related to them, conduct examination or seal goods when deemed necessary;

251.2.4. other rights stated in the law.

251.3. In the instances when a declarant, receiver, owner and proprietor of goods or means of transport and any persons related to them refuse access to the premises, warehouses and area or examination, the Customs shall penetrate into such premises, warehouses and areas in the presence of at least two witnesses.

251.4. The Customs may take measures up to temporary freeze of bank accounts of any person in case of non-compliance of requirements of the post clearance auditor, or failure to lodge necessary documents for examination in time and reimburse unpaid duties.

251.5. The Customs officer who conducted the post clearance audit shall record offences proven by the evidence and issue an order to reimburse unpaid duties. In this case, Customs declaration may be recovered and goods cleared.

251.6. The regulations regarding post clearance audit shall be approved by the Customs Central Body.

### **Article 252. Controlled Delivery**

252.1. On the basis of international treaties of Mongolia or mutually agreed arrangements with Customs or competent authorities of other countries, the Customs may use controlled delivery method for the purposes of repressing illegal trafficking of prohibited and restricted goods and revealing persons involved in the smuggling of such goods under Customs control.

252.2. The regulations on controlled delivery shall be approved by the Government.

### **Article 253. Detaining Goods or Means of Transport**

253.1. Goods or means of transport may be detained, upon the decision of the Customs and officer, for the purposes of obtaining conclusions, analysis, information and enquiry from the specialized organizations and involving relevant organizations and officials in the Customs examination.

253.2. The decisions specified in the Article 253.1. of Law shall contain information on reasons to detain goods or means of transport, period of seizure and full name of the official who made decision and the copy of such decision shall be provided to the declarant.

253.3. The regulation on detainment of goods or means of transport shall be approved by the Central The Customs.

## **SUB -CHAPTER ONE**

### **EXPERT ANALYSIS AND TESTING IN CUSTOMS CONTROL**

#### **Article 254. Appointment of experts for conducting the Customs control**

254.1. Expert analysis shall be conducted when the Customs control for documents, goods or means of transport requires expertise.

254.2. Expert analysis or testing may be conducted by the Customs laboratory or any specialized organizations or other experts appointed by the Customs.

254.3. Any organizations, public or private shall accept the decision by the Customs on expert analysis and appointment of experts.

254.4. In case when the organization to conduct expert analysis is not state owned, the expert analysis shall be conducted on contractual basis. Costs for expert analysis shall be borne by the declarant.

254.5. The Head of the Customs shall specify, in the resolution to conduct expert analysis, grounds and purposes of such analysis, duration, full name of an expert, name of organization, questions to be answered, list of documents and materials submitted to the expert, conclusions and warning on responsibilities for drawing up wrong conclusion.

254.6. Expert analysis shall be conducted within the following time period:

254.6.1. during the period when goods are stored in temporary warehouse being placed under Customs procedure chosen by declarant upon getting expert conclusion;

254.6.2. up to one month if expert analysis is made for means of transport;

254.6.3. up to three months for other cases.

254.7. Customs management officials shall make decision on conducting the expert analysis for goods or means of transport and notify declarant on that decision.

254.8. The regulations on conducting expert analysis, appointing experts, drawing up conclusions and requirements for experts shall be approved by the Customs Central Body.

## **Article 255. Expert's Conclusion**

255.1. The expert shall draw up conclusion in a written form based on analysis results.

255.2. In expert conclusion, grounds of conducting expert analysis, place, duration, full name of expert or name of organization, questions to be answered, object of analysis, materials and documents, methods of analysis and findings of expert analysis shall be included. The expert may draw up other conclusions not included in the questions to be answered but relevant to said analysis.

255.3. The expert shall attach evidences and other relevant materials and documents which are inalienable part of expert's conclusion.

255.4. The expert who conducted expert analysis and other experts who participated in the said analysis shall sign the conclusion. In case of disagreement, each expert shall provide their own conclusion.



255.5. The Customs shall submit a copy of the expert's conclusion to the declarant.

255.6. The Customs and officer shall take into account of expert's conclusion upon decision making.

### **Article 256. Additional and Repeated Expert Analysis**

256.1. If the expert conclusion is vague or incomplete, additional expert analysis shall be conducted by the expert who conducted the analysis or other expert or organization.

256.2. If the expert analysis is found to be unsatisfactory or doubtful, the Customs shall appoint other expert for repeated expert analysis.

256.3. Relevant provisions of the Article 254 and 255 of Law shall be adhered for conducting additional and repeated expert analysis.

### **Article 257. Expert's Rights and Responsibilities**

257.1. An expert has the following rights:

257.1.1. to examine goods, documents and means of transport for which expert analysis to be conducted;

257.1.2. to invite other experts for the expert analysis upon the permission of the Customs,

257.1.3. to request necessary for the expert analysis materials, additional information and documents;

257.1.4. to refuse to conduct expert analysis;

257.1.5. to participate in the certain operation for Customs control upon the permission of the Customs.

257.2. When the expert refused to conduct the expert analysis as stated in 257.1.4 of Law , he/she should notify the Customs about such decision in writing.

257.3. Expert shall keep confidentiality of information regarding expert's analysis and conclusion and shall refuse to participate if such Customs operation is related to business of his/her family members or relatives or own property.

## **Article 258. Taking Samples and Specimens**

258.1. For the purposes of Custom control, the Customs and officer may take samples or specimens of goods.

258.2. Taking samples or specimens shall be recorded in accordance with the form approved by the Customs Central Body. Experts and specialists may be involved in taking samples or specimens.

258.3. The Declarant may take samples or specimens upon the permission of the Customs.

258.4. Quantity of samples or specimens shall be to minimum amount sufficient for expert's conclusion and tests.

258.5. When other State agencies or officials take samples or specimens in accordance with the relevant laws, the Customs officials and declarant shall be present.

258.6. The Declarant shall be obliged to provide assistance in taking samples or specimens and bear related expenses.

258.7. The regulations on taking samples or specimens, conducting analysis and drawing up conclusion shall be approved by the Customs Central Body.

## **Article 259. Specialist's Involvement in Customs Control**

259.1. When expertise is needed for activities such as operating equipment for the Customs control, the Customs may invite specialist to participate in the Customs operations.

259.2. Involvement of specialist in the Customs control shall be provided on a contractual basis.

259.3. The specialist has the following rights:

259.3.1. to examine materials relevant to his/her involvement;

259.3.2. to ask questions regarding the involvement upon the permission of the Customs official;

259.3.3. to get introduced to materials and findings of the operation he/she participated and make explanation thereof.

259.4. The specialists have the following responsibilities:

259.4.1. to perform his/her duty specified in the contract;

259.4.2. to certify his/her involvement in the certain Customs control by signing;

259.4.3. to keep confidentiality of information acquired during the involvement in the certain operations of Customs control;

259.4.4. to refuse involvement in the Customs operations if such operation is related to businesses of his/her family members or relatives or own property.

259.5. Costs of the specialists involved in the Customs control upon the initiative of the Customs shall be borne by the State Budget.

#### **Article 260. Involvement of Other State Agencies and Officials in Customs Control**

260.1. Other State agencies and officials such as professional inspection agencies and police officers may be involved in Customs control in accordance with the relevant legislation.

260.2. The State agencies and officials stated in the Article 260.1 of Law may conduct control and examination in accordance with relevant legislation along the Customs examination.

### **SUB-CHAPTER TWO**

#### **ADDITIONAL PROVISIONS ON CUSTOMS CONTROL**

#### **Article 261. Information on Customs Stakeholders**

261.1. In accordance with Law , the Customs shall collect information regarding clients and stakeholders who are engaged in carriage of goods or means of transport across the Customs frontier or involved in foreign trade activities.

261.2. For the purposes of Customs control, levying and collecting Customs duties and other taxes, the Customs shall gather information on business record, assets, location and solvency of the stakeholder and clients.

## **Article 262. Other Activities Necessary for the Customs Control**

262.1. A licensed owners of the temporary warehouses and Customs bonded zones, declarants and carriers shall be responsible for carriage, loading, unloading transshipment, unpacking, repacking, weigh scaling, determination of quantity, fixing good package damages and opening and closing warehouses.

## **Article 263. Application of Identification Marks on Goods or Means of Transport for Customs Purposes**

263.1. Identification marks for Customs purposes /hereinafter, Customs identification mark/ for the goods or means of transport under the Customs control may be effected applying most convenient methods such as seals, stamps, alphanumeric and other markings, special identification marks, stamping shipment documents, commercial and other documents, taking samples or specimens, detailed description of goods or means of transport, photographic images, video recording, sketches and illustrations.

263.2. The Customs or officers shall put Customs identification marks.

263.3. The Customs identification mark may be changed or removed by other persons upon the permission of the Customs if there is a threat to goods or means of transport to be destroyed, lost or damaged or the Customs is unable to apply the Customs identification mark and in this effect such person shall notify the Customs immediately.

263.4. In the instances specified in the Article 263.3. of Law , if the person is unable to notify the Customs, he/she may change or remove the Customs identification mark in the presence of any competent officials from other relevant State bodies.

263.5. In the instances specified in the Article 263.3. and 263.4. the person shall file a report in accordance with the form approved by the Central The Customs and shall prove real threats by providing documents issued by the relevant organizations.

263.6. The identification mark specified in the Article 263.1. of Law shall be as seals and stamps applied the Customs of other countries and they shall be used solely for Customs purposes.

263.7. The regulations on application of identification marks on goods or means of transport carried across the Customs frontier shall be approved by the Customs Central Body.

### **SUB-CHAPTER THREE**

#### **INTELLECTUAL PROPERTY RELATED GOODS CROSSING THE CUSTOMS FRONTIER**

##### **Article 264. Intellectual Property Related Goods Crossing the Customs Frontier**

264.1. Works, new works, samples of products and products subject to the intellectual property owned by certified right-holder in accordance with Law on Patent, and Law on Copyrights shall be carried across the Customs frontier in instances other than application is submitted as specified in the Article 266 of Law or unless otherwise stated in other laws.

264.2. The regulations on carriage of goods subject to intellectual property right across the Customs frontier shall be approved by the Customs Central Body jointly with the Intellectual Property Office.

##### **Article 265. Grounds of Non-Carriage of Goods Subject to Intellectual Property Right**

265.1. The Customs shall take measures not to carry goods under the Customs control and subject to intellectual property rights across the Customs frontier on the basis of the application made by the intellectual property right-holder.

265.2. Measures to be taken by the Customs shall not become obstacle for intellectual property right-holder to protect his/her rights as stated in the legislation of Mongolia.

##### **Article 266. Intellectual Property Right Holder's Application and Its Consideration**

266.1. In the instances when the the intellectual property right holder has a sufficient evidence that goods, which violated his/her rights, are carried across the Customs frontier or under the Customs control, he/she may submit application to the Customs to take measures not carry such goods across the Customs frontier.

266.2. The application shall contain following details:

266.2.1. information on the right-holder;

266.2.2. information on the intellectual property objects;

266.2.3. detailed information on the goods that the person submitted the application deems such goods are illegally carried;

266.2.4. determine time term throughout which measures taken by the Customs shall be implemented;

266.3. The application shall be supplemented by the documents, certified by the competent authorities, confirming the person's rights to said object. The right-holder may also attach to the application the goods specimens proving the fact of infringement upon his/her rights.

266.4. The Customs shall accept the application and consider it in accordance with relevant legislation.

## **THE CUSTOMS**

### **SECTION FOURTEEN**

## **THE CUSTOMS**

### **Article 267. The Customs and Principles of Its Functions**

267.1. The Customs is a special state agency responsible for ensuring compliance of the Customs legislation of Mongolia.

267.2. In its activity the Customs shall abide by the principles of supremacy of law, respect for human rights and freedom, high professional competence and direct subordination of Customs of lower authorities to those higher authorities.

### **Article 268. Customs Emblem**

268.1. The Customs shall have its own emblem. The regulations on the design and application of the emblem shall be approved by the Customs Central Body.

### **Article 269. Organizational Structure of the Customs**

269.1. The Customs consists of the Customs Central Body and affiliated to it customhouses and Customs offices. The Customhouse may have units and branches.

269.2. The Customs Central Body is a state administrative authority responsible for implementing Customs legislation nationwide. The rules of the Customs Central Body shall be approved by the Cabinet.

269.3. The Customs Central Body shall have the Director General and his Deputy.

269.4. The Government of Mongolia shall appoint the Director General of the Customs Central Body upon the recommendation of the Cabinet Minister responsible for Customs matters and appoint the Deputy Director General upon the recommendation of the Director General of the Customs Central Body.

269.5. The Customs Central Body may have its own Customs research and training organization, Customs laboratory, printing shop, information technology center, investment, procurement and service department and a detector dog unit.

269.6. The rules of the customhouses, Customs offices and attached centers and departments shall be approved by the Director General of the Customs Central Body.

269.7. Research and education activities of the research organization stated in the Article 269.5. of Law shall be governed by the Law on Science and Technology and the Law on Higher Education.

## **Article 270. The Full Power of the Customs Central Body**

270.1. The Customs Central Body shall exercise the following power:

270.1.1. to implement the Customs legislation nationwide and ensure its compliance;

270.1.2. to introduce proposals on Customs matters and to make decision in accordance with the legislation;

270.1.3. to determine Customs control strategies on the basis of risk assessment;

270.1.4. to formulate and implement Customs Development Program;

270.1.5. to regulate activities of customhouses and Customs branches, provide professional management and create conditions for normal operations;

270.1.6. to develop rules, regulations and directions specified in Law regarding carriage of goods or means of transport across the Customs frontier;

270.1.7. to compile foreign trade statistics and conduct analyses;

270.1.8. to establish national commodity code in line with the Harmonized Commodity Description and Coding System;

270.1.9. to set up customhouses and Customs offices for declaring goods an clearing;

270.1.10. to plan human resource demand of the Customs and manage deployment of human resource;

270.1.11. to consult and provide information on Customs matters and support training employees of Customs stakeholders;

270.1.12. to enhance international cooperation of the Customs;

270.1.13. to prevent Customs offences;

270.1.14. to accept and resolve petitions and complaints on Customs matters;

270.1.15. other powers specified in the Law.

#### **Article 271. Mission Statement of the Customs**

271.1. The Customs shall perform the following principle functions:

271.1.1. to administer and enforce the Customs legislation and ensure compliance;

271.1.2. to control goods or means of transport crossing the Customs frontier;

271.1.3. to clear goods, levy, assess and collect Customs duties and other taxes and exercise control;

271.1.4. to advance Customs data processing system and protect and secure confidentiality of database;

271.1.5. to compile the Customs statistical data on foreign trade;

271.1.6. to educate public on Customs legislation and Customs related data;

271.1.7. to prevent repress Customs offences and impose penalties stated in the Law;



271.1.8. to conduct internal control of the Customs;

271.1.9. to protect intellectual property rights as specified in Law .

### **Article 272. Rights of the Customs**

272.1. The Customs shall have the following rights:

272.1.1. to demand and examine documents and information for the Customs purposes in accordance with Law ;

272.1.2. to use vehicles and communication devices owned by other persons in case when the Customs own vehicles and communication devices are not available for use;

272.1.3. to make claims and complaints to the Court on Customs matters;

272.1.4. other rights specified in the Law.

### **Article 273. Full Powers of Top Management of the Customs**

273.1. The Director General of the Customs Central Body shall exercise the full powers as follows:

273.1.1. to provide daily management for administration of Customs activities;

273.1.2. to enact, within his/her power rules, regulations and directives granted by the Customs legislation enforceable nationwide;

273.1.3. to participate in formulating Customs policy and to organize enforcement of tariff and non-tariff restrictions;

273.1.4. to draft of international agreements for Mongolia concerning Customs matters, sign them when authorized by the Government of Mongolia and ensure the compliance with commitments arising thereof;

273.1.5. to take measures for preventing and combating Customs offences in compliance with the Customs legislation;

273.1.6. to cooperate with the stakeholders and clients to enhance the efficiency of Customs control;

273.1.7. to accept and investigate petitions and complaints and make decision within his/her competence;

273.1.8. to establish, re-organize or dissolve customhouses, Customs offices and branches;

273.1.9. to determine the territories of the competence of the customhouses and Customs offices and restrict them to certain types of goods or means of means of transport or Customs procedure;

273.1.10. to appoint or discharge, redeploy or relocate and suspend their official powers and promote officers to managerial and executive officers;

273.1.11. to reward the Customs officers and recommend to the Government awards;

273.1.12. to authorize the Customs officers or suspend their powers or impose disciplinary measures;

273.1.13. to allocate budget and assets of the Customs;

273.1.14. to represent at court or arbitration and defend Customs property rights and its other legal interests;

273.1.15. to conduct control on assessment, collection and payment of Customs duty and other taxes;

273.1.16. to conduct control on foreign trade payment for the Customs purposes;

273.1.17. to issue Customs certification for participants of the Customs activities who has fulfilled the requirements determined by the Customs Central Body in accordance with international standards to simplify and ensure security of international trade;

273.1.18. other rights specified in the Law.

273.2. In the absence of the Director General of the Customs Central Body the Deputy Director General shall exercise his powers.

#### **Article 274. Cooperation of the Customs with Other State Bodies**

274.1. For the purposes of implementing operational objectives stated in the article 292 and 293, the Customs shall cooperate with other State bodies.

274.2. The Customs may authorize execution of duties other than conducting the Customs Control by other State bodies in accordance with the relevant laws.

### **Article 275. State Customs Inspector**

275.1. The State Customs Inspector is the Customs officer who has rights and responsibilities to conduct Customs control and examination in accordance with the Customs legislation.

275.2. The State Customs Inspector belongs to the government special service employees.

275.3. The Director General of the Customs Central Body shall be a Customs Chief Inspector of Mongolia.

275.4. The State Customs Inspector shall, when he/she is awarded a title of State Customs Inspector, take an oath saying that "I, the State Customs Inspector, swear to devote myself to safeguarding the sovereignty and economic security of Mongolia and when carrying out the Customs control and examination to honor law and justice, strictly observe codes of conduct of State Customs Inspector and not be biased. And breaking my oath is worth of a statutory punishment".

275.5. The State Customs Inspector shall be Mongolian citizen with high education and certain knowledge of foreign language and participated in the specialized training on performing the Customs operation.

275.6. The regulation on requirements and procedures of taking examination from persons who is taking the position of the State Customs Inspector.

### **Article 276. Right and Responsibilities of the State Customs Inspector**

276.1. The State Customs Inspector has, in addition to the rights specified in the Law on Civil Service, the following rights:

276.1.1. to conduct the Customs control and the Customs clearance for goods or means of transport carried across the Customs frontier in accordance with Law ;

276.1.2. for the purposes of enforcing the Customs legislation to request any nationals or officials, to abide by his/her lawful requirements;

276.1.3. to access premises or warehouses owned by any economic entities or organizations, search and make up an inventory, and audit or check books and accounts of economic entities in connection with the Customs clearance;

276.1.4. to demand documents, explanations and enquiries relevant to the Customs control and examination from relevant persons;

276.1.5. to seize temporarily documents and records, which prove the duty evasion of goods, from taxpaying economic entity, organization or individuals or make duplication of such documents and records;

276.1.6. to access the prohibited State frontier zones when performing official duty;

276.1.7. to impose penalties for administrative offences violated the Customs legislation in accordance with the Law.

276.2. The State Customs Inspector has the following responsibilities, in addition to the responsibilities specified in the Law on Civil Service:

276.2.1. to be loyal to his/her oath, be vigilant while conducting the Customs control and examination, to keep state, organizational and personal secrets and not to disrepute personal reputation;

276.2.2. not to infringe state, organizational or personal legal interests and abuse his/her position while conducting the Customs control and the Customs clearance;

276.2.3. to inform the relevant agencies or officials about illegal actions or inactions violating Customs legislation;

276.2.4. to participate in professional training;

276.2.5. to comply Code of conduct (ethical rules) of the State Customs Inspector;

276.3. The State Customs Inspector shall be re-located for the period up to two years in the Customhouses and Customs offices.

276.4. The Code of Conduct of the State Customs Inspector shall approved by the Customs Central Body.

## **Article 277. Activities Prohibited for the State Customs Inspector**

277.1. Following activities, in addition to the activities specified in the Law on Civil Service, are prohibited for the State Customs Inspector such as:

277.1.1. to be a member of political party;

277.1.2. to conduct the Customs control and the Customs clearance for goods or means of transport carried across the Customs frontier by his/her family members or cousins or participate or influence such activities;

277.1.3. to demand information other than specified in Law , cause inconvenience for persons and discriminate by creating advantages for other persons;

277.1.4. to conduct the Customs Control and the Customs examination on cases not relevant to his/her official duty.

### **Article 278. Uniforms and Signs of Distinction**

278.1. The State Customs Inspector shall use uniform and signs of distinction and shall be provided by dress supply.

278.2. The regulations on standard design, wearing and utilization period of uniform and use of signs of distinction by the State Customs Inspector shall be approved by the Customs Central Body.

278.3. It shall be prohibited for any other organizations or individuals to use uniform or signs of distinction of the same design as that for a State Customs Inspector.

### **Article 279. Special Devices and Techniques of Fighting of the Customs Body**

279.1. The State Customs Inspector while performing his/her official duties may use the following special devices or techniques of fighting:

1/ individual special device for fighting;

2/ special devices forcing means of transport to stop;

3/ self-defense special device;

4/ sambo, karate, etc., unarmed fighting techniques; and

5/ detector dogs.

## **Article 280. Using Special Devices and Techniques of Fighting**

280.1. The State Customs Inspector may use special devices or techniques of fighting in following instances:

280.1.1. an attack to the State Customs Inspector may course a harm to his/her life or health;

280.1.2. lawful demand of a State Customs Inspector are deliberately not met or forcefully resisted; and

280.1.3. during the journey to deliver goods or means of transport under Customs control or confiscated or taken into custody from one Customs office to another or other appropriate agency.

280.2. The special devices forcing means of transport to stop may be used in the following instances:

280.2.1. moved means of transport without Customs permission when the Customs examination is not accomplished; and

280.2.2. moved means of transport attempting to escape from the Customs control and examination in order to smuggle goods.

280.3. In the instances when using special devices or techniques of fighting coursed harms to personal life or health, the State Customs Inspector must take measures to render prompt medical assistance and inform a head of the appropriate Customs office about the case, and the latter shall keep a public prosecutor informed to this effect.

280.4. The list of special devices and instructions of their usage and storage shall be approved by a Director General of the Customs Central Body upon the consultation with the State Prosecutor General.

## **Article 281. Classification of Posts Held by the State Customs Inspectors**

281.1. The posts held by the State Customs Inspectors shall be classified as follows:

281.1.1. the post of leading officer;

281.1.2. the post of principal officer;

281.1.3. the post of senior officer;

281.1.4. the post of executive officer; and

281.1.5. the post of assistant officer.

281.2. The post of leading officer shall be held by a Director General of the Customs Central Body.

281.3. The post(s) of principal officer(s) shall be held by a Deputy Director(s) General of the Customs Central Body.

281.4. The posts of senior officers shall be held by heads of divisions of the Customs Central Body and directors of Customhouses.

281.5. The posts of executive officers shall be held by senior executive officers of the Customs Central Body, directors/heads of units or centers of the Customs Central Body, deputy directors of the Customhouses and heads of Customs offices, Customs units or branches.

281.6. The posts of assistant officers shall be held by the State Customs Inspectors.

## **Article 282. Ranks of State Customs Inspectors**

282.1. Each post of Customs leading, principal, senior, executive or assistant officer shall have ranks of first, second, third and fourth grades.

282.2. A rank for a Customs leading officer shall be granted to by the President of Mongolia; rank(s) for Customs principal officer(s) shall be granted by the Prime-Minister of Mongolia; and ranks for senior, executive and assistant officers shall be granted by the Customs Central Body.

282.3. In granting ranks, years of service for the Government, years of service in the particular post, qualification and ethical level shall be taken into consideration.

282.4. The regulation on granting ranks and subsistence allowances to the State Customs Inspectors shall be approved by the Government.

## **Article 283. Honors of the State Customs Inspector**

283.1. The following honors may awarded to the State Customs Inspector:

283.1.1. Customs Attorney General;

283.1.2. Customs Attorney; and

283.1.3. Customs Adviser.

283.2. The regulation on awarding the honors and amount of the subsistence allowances shall be approved by the Customs Central Body.

#### **Article 284. Guarantees for the Legal Rights of the State Customs Inspector**

284.1. The State shall ensure guarantees and conditions for the State Customs Inspector to perform his/her duty without any dependency and honestly.

284.2. The Customs shall not require the State Customs Inspector to perform any duties or tasks other than his/her legal responsibilities.

284.3. When any State body inspect official performance of the State Customs Inspector, it shall, in order not interrupt normal Customs operations, notify the respective Head of Customs to this effect in advance.

284.4. The State shall protect the State Customs Inspector and his/her family members from any illegal attacks which may cause threats and harms to their personal lives and health with regard to his/her performance of legal duties.

284.5. Financial aid equivalent with his/her 3 years salary shall be granted to the retired State Customs Inspector who had more then 25 years of continuous service with the Customs with achievement.

284.6. The State Customs Inspector is entitled to the following aids:

284.6.1. when temporarily disabled, differences between his/her basic salary and pension granted during a length of time for his/her rehabilitation;

284.6.2. when became handicapped, differences between his/her basic salary and disability pension;

284.6.3. when had an artificial body part, the charges for its replacement;



284.6.4. when hospitalized, medical charges in excess to his/her health insurance expenses;

284.6.5. when disabled permanently, one time grant equivalent to his/her basic annual salary; and

284.6.6. when lost his/her life due to an attack made in connection with performance of his/her official duties, one time grant equivalent to his/her three years basic annual salary.

284.7. Family members of the State Customs Inspector who is working at the state frontier of Mongolia shall be provided by an employment in the first priority or otherwise their health and retirement insurances shall, for a length of time during their unemployment, be paid on the basis of minimum wage rates approved by the Government which is effective in force at the time.

284.8. The State Customs Inspector who performs his/her duty along the national frontier is entitled to frontier allowances. The regulation on granting the frontier allowances shall be approved by the Government.

284.9. The Customs shall grant preferential loans or where necessary loan guarantees for officers, who has continuous service with the Customs with achievement, for building their private houses, buying such houses, apartments or necessities, and, when they want to study, paying their tuition fees as well as their children's tuition fees.

### **Article 285. The Professional Grade for the State Customs inspector, Grade Allowances and Bonus**

285.1. The State Customs Inspector shall have professional grade and grade allowance shall be granted to him/her.

285.2. Performance bonus shall be granted to the State Customs Inspector in every quarter.

285.3. The regulation on determining level of professional grade, granting grade allowances and performance bonus shall be approved by the Government of Mongolia.

### **Article 286. Rewarding the State Customs Inspector**

286.1. The State Customs Inspector who investigated an attempt of smuggling goods by using new and sophisticated methods thorough the Customs frontier, or

investigated a number offences, performed distinctive duty in combating organized crime and investigating Customs offences, collected substantial amount of revenue by investigating commercial and valuation offences and made practically achievable proposals for improving the Customs control and examination shall be granted cash rewards.

286.2. The regulation on granting cash reward and amount of the cash reward stated in 286.1. shall be approved by the Government.

### **Article 287. Wage and Salary of the State Customs Inspector**

287.1. The State Customs Inspector shall be paid by the Government for exercising his/her official duties.

287.2. Salaries and wages of the State Customs Inspector shall consist of a basic salary and supplementary allowances for holding the official post under exceptional circumstances, length of service for government, ranks and honors and educational degrees.

287.3. The regulations on granting supplementary allowances to a State Customs Inspector for holding the official post under exceptional circumstances, length of service for government, ranks and honors and educational degrees and their amount shall be approved by the Cabinet.

### **Article 288. Disciplinary Measures Applied for the State Customs Inspector**

288.1. The State Customs Inspector who has violated the Customs legislation or his/her oath shall be subject to the following disciplinary measures:

288.1.1. warning;

288.1.2. lower a level of the rank for a period of up to 1 year;

288.1.3. decrease level of a post for a period of up to 3 months;

288.1.4. reject a title of the State Customs Inspector; and

288.1.5. dismiss from the Customs service.

288.2. The disciplinary measures specified in the Article 288.1. shall be imposed in accordance with nature of the misconduct and may not be used by sequence.

288.3. The disciplinary rules of the State Customs Inspector shall be approved by the Government.

288.4. Heads of the Customhouses and Customs offices affiliated to and organizations attached to the Customs Central Body may impose disciplinary measures stated in 288.1.1 and 288.1.2 of Law .

### **Article 289. Providing premises for the Customs**

289.1. The Customs shall operate in the state-owned premises. For the purposes of conducting the Customs activities, it may use state-owned premises in other's possession free of charge on the basis of a contract.

289.2. Management of administrative and territorial units shall provide, in accordance with the legislation, plots of land and communication, electricity and heating supply, without any inconvenience, for the Customs which is conducting Customs activities in their territory for ensuring its normal operations.

### **Article 290. Location of the Customs Offices and Operating Hours**

290.1. The Customs Central Body shall determine location of the Customs offices and working hours taking into account the demand to render support for international trade.

290.2. The work timetable shall be determined by the Customs Central Body.

290.3. Working hours of the Customs offices at the frontier and the international airport shall be determined in accordance with working hours of the respective frontier port.

290.4. In the instances when the Customs clearance is unable to be conducted within the time period specified in the Article 316.1., by the decision of the Head of the Customhouse or the Customs office, the State Customs Inspector may perform his duties outside the working hours. In this instance, overtime wage shall be granted to the State Customs Inspector in accordance with the Employment Law.

### **Article 291. Financing of the Customs**

291.1. The Customs shall be financed from the State Budget and the State shall ensure economic security of conducting operation.

## CHAPTER ONE

### USE OF INFORMATION SYSTEM AND INFORMATION TECHNOLOGY IN THE CUSTOMS ACTIVITIES

#### **Article 292. Information System and Information Technology to be Used in the Customs Activities**

292.1. The information system, network and information technology may be used in the Customs activities, for the purposes of exchanging data in electronic form and ensure their reliability.

292.2. The information system, network and information technology specified in the Article 292.1 shall be in compliance to the national and international information and communication standards.

292.3. The State owned information system, network and information technology shall be used free of charge for the Customs operation and any other information system, network and information technology with other ownership shall be used on the basis of contract.

#### **Article 293. Database of the Customs Operation**

293.1. The database of the Customs operation shall consist of Customs statistical data specified in the Article 13 of Law , information and documents provided by the declarant to the Customs in accordance with Law and information and documents gathered by the Customs.

293.2. Information and documents of the Customs database may be in a form of electronic and paper.

293.3. Any economic entities, persons and organizations may request information in any form from the Customs database. The regulation specified in the Article 15 shall be complied for giving information.

293.4. The Customs Central Body shall specify issues regarding creation of the Customs database and its utilization and documentation of contents of the database in accordance with Law and other laws.

## **SECTION 6**

### **CUSTOMS OFFENCES AND PENALTIES**

#### **CHAPTER 15**

### **CUSTOMS OFFENCES AND LIABILITIES**

#### **Article 294. Liabilities of Customs and officials**

294.1. Customs officials shall be liable for their unlawful decisions and inactions in line with legislation regarding disciplinary, criminal and other legal sanctions.

294.2. Customs and officials shall be fined for failure of duties as stated in Law up to 250 000 tugrigs and 20 000-60000 tugrigs respectively upon the decision of the judge of administrative court.

#### **Article 295. Smuggling or Attempted Smuggling of Goods or Means of Transport**

295.1. In case if goods are not declared or misdeclared, goods are imported or exported beyond Customs control and frontier ports, or goods are concealed, their types, forms and packages are altered, Customs documents are tampered or forged, or smuggling or attempted smuggling of restricted goods does not qualify a criminal offence, the goods concerned shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected and an individual responsible for shall be liable to a fine of 10000 – 30000 tugrigs, or an economic entity or organization responsible for shall be subject to a fine of 100000 – 150000 tugrigs/.

#### **Article 296. Smuggling of Restricted Goods**

296.1. Smuggling or attempted smuggling of restricted by non-tariff methods goods using the method as sated in 295.1 does not qualify a criminal offence, the goods concerned shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected and an individual responsible for shall be liable to a fine of 30000 – 50000 tugrigs, or an economic entity or organization responsible for shall be subject to a fine of 150000 – 250000 tugrigs.

#### **Article 297. Misuse of Customs data processing system**

103.1. If the misuse of Customs data processing system by a person does not qualify a criminal offence an individual and economic entity responsible for shall be liable to a fine of 30000-50000 tugrigs and 200000-250000 tugrigs respectively plus to compensation of caused damage.

#### **Article 298. Use of Goods or Means of Transport as Place for Concealment**

298.1. Where goods are used for smuggling other goods concealed in them, the goods used as concealment place shall be confiscated, or if it is impossible to confiscate them, the sum equal to their price shall be collected.

298.2. Where an owner of means of transport found guilty in using it as a concealment place by deliberately constructing it with an intention to smuggle goods, the means of transport concerned shall be confiscated, or if it is impossible to confiscate it, the sum equal to its price shall be collected.

#### **Article 299. Non-Compliance with Declaration Rules**

299.1 For non-compliance with declaration rules approved by the Customs Central Body a person concerned shall be liable to a fine of 10000 – 30000 tugrigs or an economic entity or organization responsible for shall be subject to a fine of 50000 – 100000 tugrigs in case if this non-compliance has no relation to offences stated in the Articles 295, 296 and 308 of Law .

#### **Article 300. Moving without Customs Permission of Goods under Customs Control**

300.1. For moving, loading, unloading or transshipping goods under Customs control without Customs permission, an individual responsible for is liable to a fine of 10000 – 30000 tugrigs, or an economic entity or organization responsible for is subject to a fine of 50000 – 100000 tugrigs in case if this has no relation to offences stated in the Article 295.

300.2. For releasing the goods under Customs control without Customs permission, the Customs duty and other taxes payable in respect of goods concerned shall be collected and an officer or official responsible for is liable to a fine of 50000 – 100000 tugrigs.

#### **Article 301. Failure to Comply by a Carrier with its Obligations**

301.1. A carrier not complying with its obligations provided for in 41.2 of the Law shall be liable to a fine of 50000 – 100000 tugrigs.

### **Article 302. Non-compliance by Customs Brokers and Declarants**

302.1. If a Customs broker or declarant does not fulfill their obligations or violate Customs legislation or misused their rights stated in legislation he/she shall be liable to a fine of 10000-30000 tugrigs or an economic entity or organization responsible for is subject to a fine of 100000 – 250000 tugrigs.

302.2. In case of repeated violations as stated in 108.1 of the Law the declarant or Customs broker shall be liable to a fine of 150000-250000 tugrigs.

302.2 In case of repeated violations as stated in 108.1 of the Law the Customs registered specialist's license shall be terminated.

### **Article 303. Break, Destruction or Change of Customs Seals or Alteration of Addresses**

303.1. For alteration of addresses of goods under Customs control, intentional break, destruction or change of Customs seals without Customs permission, an individual responsible is liable to a fine of 10000 – 30000, or an economic entity or organization is subject to a fine of 50000 – 100000 tugrigs.

### **Article 304. Violation of Customs Control Area Regime**

304.1. Where a violation of Customs control area regime is not connected to smuggling of goods or means of transport, an individual responsible for is liable to a fine of 10000 – 30000 tugrigs, or an economic entity or organization is subject to a fine of 50000 – 100000 tugrigs.

### **Article 305. Violation of Customs Procedures**

305.1. For violation of Customs clearance procedures provided for in 81.1.1.-81.1.6. of Law , an individual responsible for is liable to a fine of 10000 – 30000 tugrigs, or an economic entity or organization is subject to a fine of 50000 – 100000 tugrigs.

305.2. Where goods or means of transport temporarily crossing the Customs frontier is not returned back within a specified time limit, the Customs duty and other taxes payable shall be collected on the basis of Customs legislation and exchange and tariff rate effective at that particular time, and a person guilty shall be liable to a fine of 30000 – 50000 tugrigs or an economic entity or organization is subject to a fine of 50000 – 100000.

305.3. Where goods or means of transport entered the Customs bonded zones or Customs special zones are lost or destroyed without Customs permission, the Customs duty and other taxes payable shall be collected on the basis of Customs legislation and exchange and tariff rate effective at that particular time, and a person guilty shall be liable to a fine 10000 – 30000 tugrigs or an economic entity or organization is subject to a fine of 50000 – 100000.

### **Article 306. Non-Compliance with Lawful Requirements of a Customs Officer**

306.1. For non-compliance with lawful requirements made by a Customs officer in connection with performance of official duties, or failure to comply with them in time, an individual responsible is liable to a fine of 10000 – 30000 tugrigs, or an economic entity or organization is subject to a fine of 50000 – 100000 tugrigs.

306.2. Where any insult, slander, threat or use of force towards a Customs officer on duty does not qualify a criminal offence, a person committing such an offence is liable to a fine of 50000 – 150000 tugrigs.

### **Article 307. Non-lodgment of Documents or Customs-related Data and Use of Forged Documents**

307.1. Where an alteration or forgery of Customs related documents does not qualify a criminal offence and has no relation to a Customs offence stated in the Articles 296, 297 and 308 of Law , the individual is liable to a fine of 30000 – 50000 tugrigs or an economic entity or organization is subject to a fine of 100000 – 250000.

307.2. If an economic entity or organization failed to provide the Customs with needed data or reports on a timely basis or misreported they are subject to a fine of 50000 – 100000.

### **Article 308. Evasion from Payment of Customs Duties and Other Taxes**

308.1. Where evasion of payment of Customs duties and other taxes by way of intentional misdeclaration of value or volume of goods, Customs procedure, goods description, types, designation, classification code, origin of goods, or alteration or change of Customs-related documents does not qualify as criminal offence the individual or economic entity shall be subject to liabilities stated in 13.1.1 of the Taxation Law.



308.2. If the offence stated in 308.1 occurred unintentionally the individual or economic entity shall be subject to liabilities stated in 13.1.3. of the Taxation Law.

308.3 Where goods exempt or relieved from Customs duties and other taxes are used for other purposes or lost, Customs duties and other taxes payable shall be collected and a fine equal to an amount of duties and taxes shall be imposed in accordance with existing Customs legislation, tariff rate and exchange rate which are valid at the time of offence was detected and a fine equal to 50% of an amount of payable duties and taxes shall be imposed.

308.4. Where misdeclaration occurred in order to get unlawful refund of the Customs duties and other taxes does not qualify as criminal offence, refunded duties and other taxes shall be reimbursed and an individual shall be liable to a fine of 30000 – 50000 tugriqs or an economic entity or organization shall be subject to a fine of 150000 – 250000.

### **Article 309. Failure to Pay Duties and Taxes in Time**

309.1. Where there is a failure to pay Customs duties and other taxes in time, an interest equal to 0.5% of total unpaid duties and taxes shall be imposed each day of such failure. The interest in this case does not refer to 'loss' as stated in the Civil Law.

### **Article 310. Freezing Bank Accounts or Putting Seal on Property**

310.1. Upon the decision of Director of Customhouse or Branch, the price of goods or means of transport referred to in Articles 295, 296 and 298 or duties or taxes and fines referred to in provisions 308.1, 308.2 and in the Article 309 of Law shall be drawn from bank accounts of the person concerned without recourse to remedy, or bank accounts shall be frozen or the property equivalent to an amount due to the Customs shall be sealed.

### **Article 311. Settlement of Customs Offences**

311.1. Administrative settlement of Customs offences stated in Law shall be governed by Law and other related legislation.

311.2. If there were committed several Customs offences or repeated offences each offence shall be subject to liabilities as stated in Law . No duplication of liabilities shall be imposed on offences.

### **312. Claim of Seized Goods and Means of Transport as State property**

312.1 The goods and means of transport seized by the Customs because of violation of Customs legislation shall be sold and proceeds of sales shall be transferred to state revenue.

312.2. If the Customs Central Body or Court proves the non-involvement of seized goods or means of transport in Customs offence they shall be returned or their price shall be reimbursed. When the goods or means of transport are returned, the Customs duties and other taxes shall be paid and in case of price reimbursement the Customs duties and other taxes shall be deducted by the Customs.

312.3. The rules regarding the claim of seized goods and means of transport as state property shall be approved by the Cabinet.

### **Article 313. Disposal of goods upon expiry of storage deadline**

313.1. If storage time for goods kept in Customs temporary warehouse or Customs bonded zone expires or an owner abandons the goods during the clearance, the Customs shall sell those goods and proceeds shall be state revenue.

313.2. If the owner requests to get the goods stated in 313.1. of Law within 6 months after the goods were sold the price of the goods shall be reimbursed upon deduction of duties, other taxes, storage fees and other charges.

313.3. The rules regarding the sales of seized goods and means of transport shall be approved by the Customs Central Body.

## **LAW OF MONGOLIA ON CUSTOMS TARIFFS AND DUTIES**

### **CHAPTER 1**

#### **GENERAL PROVISIONS**

#### **Article 1. Purpose of the Law**

1.1. The purpose of the Law is to regulate matters regarding determination of Customs tariff, value, classification and a country of origin of goods as well as levying, collection and payment of Customs duties.

## **Article 2. Legislation on Customs Tariffs and Duties**

2.1. The legislation of Mongolia on Customs tariffs and duties consists of the Customs Law, the Taxation Law of Mongolia and the Law as well as other legal acts adopted in line with them.

2.2. Unless otherwise is provided for in international treaties of Mongolia, the provisions of those international treaties shall prevail.

## **Article 3. Definitions of Legal Terms**

3.1. The terms used in the Law shall mean as follows:

3.1.1. "Customs tariff" means a Customs duty rate;

3.1.2. "Customs duty" means an amount of duties levied on, collected from or paid for goods entering or leaving the Customs territory, in line with the Customs tariff;

3.1.3. "other tax" means an amount of tax imposed on, collected from or paid for goods entering or leaving the Customs territory, in compliance with the laws other than the Law ;

3.1.4. "Customs value" means a value determined according to the Law for the purposes of levying Customs duties or compiling Customs statistical data;

3.1.5. "Harmonized Commodity Description and Coding System" (hereafter referred to as "the Harmonized System") means a nomenclature comprising of Headings, Subheadings and National Subheadings and their related numerical codes, as well as notes to Sections, Chapters and Subheadings, and the General Rules for interpretation of the Harmonized System;

3.1.6. "Taxpayer" means a person declaring goods crossing through the Customs border of Mongolia;

3.1.7. "About the same time" means 90 days prior to declaration to Customs of the Customs value of the imported goods being valued;

3.1.8. "Levying of Customs duties and other taxes" means an assessment of duties in accordance with the Law and other related legislation;

3.1.9. "Collection of Customs duties and other taxes" means an accumulation by Customs into state budget of taxes levied on in accordance with the Law and other related legislation;

3.1.10. "Payment of Customs duties and other taxes" means a transfer by a taxpayer to relevant tax account of taxes levied on in accordance with the Present Law and other related legislation;

3.1.11. "Relief goods and aid" means goods referred to in Sub-Paragraph 4.1.11 of the Law on Value Added Tax.

3.2. The other terms used in the Law in relation to Customs formalities/operations/activities shall have meanings as defined in the Customs Law of Mongolia.

## **CHAPTER 2**

### **THE CUSTOMS TARIFF SYSTEM, THE TYPES OF CUSTOMS DUTIES AND THE CUSTOMS TARIFF COUNCIL**

#### **Article 4. The Customs Tariff System, Adoption of, and Amendment to, Tariffs**

4.1. In Mongolia there are used Customs tariffs on exported and imported goods. In adopting the Customs tariffs, the goods descriptions and respective classification codes should be indicated according to the Harmonized System.

4.2. The Customs tariffs on imported goods consist of the basic tariffs and the most-favoured nation (MFN) tariffs. The basic tariffs rates twofold the MFN tariff rates.

4.3. The Customs tariffs on exported goods and the MFN tariffs for imported goods are adopted by the State Great Hural (the Parliament) (of Mongolia).

4.4. The MFN tariffs are applied for goods originated from the following countries:

4.4.1. a Member country to a Multilateral Treaty concerning Tariffs and Trade issues to which Mongolia has acceded;

4.4.2. a country with which it is agreed to apply preferential tariff rates according to international treaty other than that referred to in Sub-Paragraph 4.4.1 of this Article;

4.4.3. other country for which it is considered to apply the MFN tariffs.

4.5. A list of countries to which the MFN tariffs are granted is enacted by the Government.

4.6. The basic tariffs are applied for goods originated from that country which is not included in a list referred to in Paragraph 4.4 of this Article or goods which is originated from that country which is in that list but not accompanied by the certificate of origin.

4.7. Where the certificate of origin of goods originated from the country falling into the list referred to in Paragraph 4.4 of this Article is produced (lodged with Customs) within 45 days after the Customs had permitted the goods to enter the Customs territory the MFN rate is applied. In that case, the excess Customs duty amount paid is refunded by Customs.

4.8. The Customs tariffs may be adopted on a temporary base. The temporary tariffs shall be applied for a period not exceeding 6 months per year.

4.9. The Customs tariffs may be adopted by reference to a specific border point.

4.10. The Government (of Mongolia), being authorized by the State Great Hural (of Mongolia) and upon the proposals of the Customs Tariff Council, is entitled to:

4.10.1. increase or decrease the Customs tariffs on certain kinds of goods in order to give a support for market demand and supply regulation and for building proper structure of domestic market;

4.10.2. increase or decrease the Customs tariffs on definite kinds of goods, entering particular area of Mongolia for use therein or leaving such area, for the purpose of maintaining a balance in economic development; or

4.10.3. temporarily increase or decrease the Customs tariffs on certain kinds of goods of every-day consumption in order to balance their seasonal demand and supply.

## **Article 5. Types of Customs Duties**

5.1. The Customs duties shall be of the following types:

5.1.1. ad valorem;

5.1.2. specific;

5.1.3.combination of those referred to in the Sub-Paragraphs 5.1.1 and 5.1.2 of this Paragraph;

5.1.4. combination of those referred to in the Sub-Paragraphs 5.1.1 and 5.1.2 of this Paragraph, subject to quota either in value or in quantity; or

5.1.5. any of those referred to in the Sub-Paragraphs 5.1.1 and 5.1.2 of this Paragraph, which entails higher Customs duty.

### **Article 6. Customs Tariff Council**

6.1. It operates the non-vacant Customs Tariff Council assigned to make conclusions and make proposals for creation of proper Customs duties and tariff system and adoption of adequate Customs duty rates. The secretary of the Council shall be the only vacant staff.

6.2. The Government of Mongolia shall decide on the composition and statute of the Customs Tariff Council. The Chairman of the Customs Tariff Council shall be a Cabinet Member in charge of Customs matters. He has a vacant secretary.

6.3. In the Customs Tariff Council there should be a representation of scholars, research workers as well as profit-making or non-profit legal persons in addition to representation of central government agencies commisioned with Customs, taxation, budget, finance, foreign trade and sectorial issues.

## **CHAPTER 3**

### **DECLARATION AND VERIFICATION OF CUSTOMS VALUE**

#### **Article 7. Determination and Declaration of Customs Value**

7.1. Customs value shall, by a declarant, be determined on the basis of documents required for a specific Customs clearance procedure and declared to Customs. A declarant should not use arbitrary or fictitious value.

7.2. A declarant is obliged to provide the Customs with a Customs valuation method chosen and documentary evidences for support of his determination of Customs value.

7.3. The documantary evidences referred to in Paragraph 7.2 of this Article should demonstrate quantifiable and objective data.

#### **Article 8. Verification of Customs Value**

8.1. The Customs should check the Customs valuation method and whether a Customs value determined by a declarant is accurate and well grounded or not and make its own decision.

8.2. Where the documents supplied by declarant are not sufficient for verification of Customs value and decision-making, the Customs may require additional documents and information.

8.3. The Customs may, on the basis of objective data, choose to determine Customs value by a method other than that applied by a declarant where:

8.3.1. the documents used for determination of Customs value occur to be not valid, entries therein show discrepancy or are not complete or figures therein are insufficient; or

8.3.2. a declarant fails to prove the truth and accuracy of Customs value or the Customs considers a Customs value determined by a declarant as groundless.

8.4. The Customs and other taxes should be assessed and charged to declarant at a value determined by Customs by other methods according to Paragraph 8.3. of this Article.

8.5. In case where the Customs determined the Customs value, a declarant may get an explanation in writing upon a written request to Customs.

8.6. A declarant may, in contrary, refuse a value determined by Customs in case where he proved his declared value by presenting additional evidences within 45 days after the Customs declaration is validated.

8.7. A declarant may, if he declines a value determined by Customs, appeal in accordance with the Customs law.

8.8. A declarant shall be responsible for bearing any expenses incurred in the course of verification of Customs value.

8.9. Where a Customs procedure is changed the value determined in the declaration by which the goods placed under the previous Customs procedure upon their crossing the national border shall not be changed.

## **CHAPTER 4**

### **DETERMINATION OF CUSTOMS VALUE OF IMPORTED GOODS**

#### **Article 9. The Customs Valuation Methods of Imported Goods**

9.1. In determining the Customs value of imported goods the following methods should be applied in their sequences:

- 9.1.1. the transaction value method;
- 9.1.2. the transaction value method of identical goods;
- 9.1.3. the transaction value of similar goods;
- 9.1.4. the deductive method;
- 9.1.5. the computed method; or
- 9.1.6. the fall-back or residual method.

9.2. At the request of a declarant the sequence of methods set out in Sub-Paragraphs 9.1.4 and 9.1.5 of Paragraph 1 of this Article may be reversed.

9.3. In applying the methods set forth in Sub-Paragraphs 9.1.2, 9.1.3 or 9.1.6 of Paragraph 1 of this Article it may take place a consultation between Customs and a declarant.

## **Article 10. The Transaction Value Method**

10.1. The transaction value method is a principal method for Customs valuation of imported goods. The transaction value of imported goods is the actual price directly or indirectly paid or payable to a seller for goods purchased from abroad.

10.2. In determining the Customs value by the transaction value method, the following costs or charges based on quantifiable and objective data on foreign trade, finance or accounting should be included, provided that they are not included into the transaction value or that they are distinguished from the transaction value:

10.2.1. the following costs associated with transportation of the goods concerned up to the national border of Mongolia:

- 10.2.1.1. the cost of transport, expenses incurred with completion of transportation and exportation documents and charges for use or lease of means of transport or container;
- 10.2.1.2. loading, unloading, storage, transshipment and handling charges incurred in the course of transportation; or
- 10.2.1.3. the cost of insurance;



10.2.2. the commissions and brokerage, paid or payable by a buyer in connection with a purchase of the goods concerned, and the cost of containers or packings which are treated as being one with the goods in question;

10.2.3. the value, apportioned as appropriate, of goods, labour or services where supplied by the buyer to the seller or the producer directly or indirectly free of charge or at a reduced cost for use in connection with the production and exportation for Mongolia of the goods concerned;

10.2.4. royalties and licence fees paid or payable by the buyer as a condition of sale of the goods concerned;

10.2.5. the value of any part of the proceeds of any subsequent resale, disposal or use by the buyer of the goods that accrues directly or indirectly to the seller; and

10.3. In determining the Customs value by the transaction value method, the following costs or charges based on quantifiable and objective data on foreign trade, finance or accounting should be excluded, provided that they are included into the transaction value or that they are distinguished from the transaction value:

10.3.1. charges for construction, erection, assembly, maintenance, technical assistance or training, undertaken after importation on imported goods such as industrial plant, machinery or equipment, etc.;

10.3.2. the cost of transport after importation; or

10.3.3. duties and taxes of the country of importation.

10.4. In case where there are involved different kinds of imported goods in one shipment across the national border the costs to be added to or deducted from the transaction value should be distributed among each kind of goods in correspondence with their weight proportion against net weight of total shipment. Where the cost distribution by weight is impossible the volume or the price factor may be used.

10.5. The cases where buyer's rights with regard to use, disposition or resale of goods are restricted by the legislation of Mongolia or the geographical area in which the imported goods may be resold is limited or the restrictions do not substantially effect the value of the imported goods being valued shall not preclude to the use of the transaction value method.

10.6. The transaction value method is not applied where the following conditions or considerations exist:

10.6.1. buyer's rights with regard to use, disposition or resale of goods are restricted on a ground other than that referred to in Paragraph 10.5 of this Article;

10.6.2. there exists a transaction restricting buyer's rights related with use, disposition, resale or destruction of goods;

10.6.3. the sale or price is subject to some conditions or considerations for which a value cannot be determined with respect to the goods being valued;

10.6.4. the value of any part of the proceeds of any subsequent resale, disposal or use by the buyer of the goods that accrues to the seller cannot be determined;

10.6.5. a declarant failed to confirm and prove the truth or accuracy of data or calculations used in determination of Customs value by presenting appropriate foreign trade, financial or accounting documents.

10.6.6. the sale is made between related persons referred to in Paragraph 10.7 of this Article and the transaction value does not closely approximate to the test value referred to in Paragraph 10.8 of this Article.

10.7. The seller and buyer shall be deemed to be related if:

10.7.1. they work together with the same economic entity or organization;

10.7.2. they are employer and employee;

10.7.3. one of them directly or indirectly owns, controls or holds 5 per cent or more of the other's outstanding voting stock or shares;

10.7.4. one of them directly or indirectly controls the other;

10.7.5. both of them are directly or indirectly controlled by a third person;

10.7.6. together they directly or indirectly control a third person; or

10.7.7. they are members of the same family or relatives;

10.8. Where a value of the sale between related persons, depending on the nature of the imported goods, the nature of the industry itself, the season in which the goods are imported and the differences in value, closely approximates to one of the following test values occurring at or about the same time, the transaction value method shall be used:

10.8.1. the transaction value in sales to unrelated buyers of identical or similar imported goods;

10.8.2. the Customs value of identical or similar goods determined by the transaction value method and accepted by Customs.

10.9. In compare with the test values referred to in Paragraph 10.8. of this Article, due account shall be taken with regard to commercial levels, quantity levels and the costs referred to in Paragraphs 10.2 and 10.3 of this Article.

### **Article 11. The Transaction Value Method of Identical Goods**

11.1. If the Customs value of the imported goods cannot be determined by the transaction value method, it shall be determined by the transaction value method of identical goods imported at the same time as the goods being valued or within a period referred to in Sub-Paragraph 3.1.7 of Article 3 of the Present Law.

11.2. "The identical goods" shall be the goods which are the same as the goods being valued in the following features:

11.2.1. physical characteristics such as size, form (shape), production or manufacturing methods or technical and other specifications;

11.2.2. quality, trademark and reputation;

11.2.3. country of origin; and

11.2.4. producer.

11.3. In determining the transaction value by the transaction value method of identical goods, the transaction value of the identical goods imported at the same commercial level and in substantially (approximately) the same quantity shall be used.

11.4. Where the identical goods were imported in different quantity or at a different commercial level than those referred to in Paragraph 11.3 of this Article, a declarant must, taking into account such differences, make appropriate adjustments and justify their grounds by documentary evidences.

11.5. Minor differences between the identical goods and the goods being valued in their physical characteristics shall not preclude to using the transaction value method of identical goods.

11.6. The transaction value of identical goods should be the value accepted at Customs and may be adjusted depending on differences in distances of transportation and modes of transport. The adjustments should be accompanied by supporting documents to justify their rationale and accuracy.

11.7. Where it is necessary to make adjustments to the accepted value referred to in Paragraph 11.6 of this Article but it is impossible to make such adjustments or there are no documentary evidences to justify the adjustments, the transaction value method of identical goods shall not be used.

11.8. In determining the Customs value by the transaction value method of identical goods, the costs referred to in Paragraph 10.2 of Article 10 of the Present Law should be considered.

11.9. If more than one transaction value of identical goods are found possible, the lowest such value shall be chosen to determine the Customs value.

11.10. In determining the Customs value by the transaction value method of identical goods, the prices for the following goods shall not be used:

11.10.1. goods placed under Customs procedure other than the clearance for home use;

11.10.2. goods imported on governmental or non-governmental loans;

11.10.3. goods imported for governmental or non-governmental debt liquidation;

11.10.4. relief goods or aid;

11.10.5. goods imported by leasing;

11.10.6. goods imported by foreign investment;

11.10.7. large-scale maintenance equipment;

11.10.8. goods intended for international travels, tourism, competition or meetings;

11.10.9. samples, tests or probes;

11.10.10. exhibits;

11.10.11. advertising materials.

## **Article 12. The Transaction Value Method of Similar Goods**

12.1. If the Customs value of the imported goods cannot be determined by the transaction value method of identical goods, it shall be determined by the transaction value method of similar goods imported at the same time as the goods being valued or within a period referred to in Sub-Paragraph 3.1.7 of Article 3 of the Present Law.

12.2. "The similar goods" shall be the goods which, although not alike in all respects, have like characteristics and like component materials, perform the same functions and are commercially interchangeable with goods being valued.

12.3. In determining whether goods are similar, a quality, trademark, reputation and the country of origin of goods should be considered.

12.4. In determining the transaction value by the transaction value method of similar goods, the transaction value of the similar goods imported at the same commercial level and in substantially (approximately) the same quantity shall be used.

12.5. Where the similar goods were imported in different quantity or at a different commercial level than those referred to in Paragraph 12.4 of this Article, a declarant must, taking into account such differences, make appropriate adjustments and justify their grounds by documentary evidences.

12.6. The transaction value of similar goods should be the value accepted at Customs and may be adjusted depending on differences in distances of transportation and modes of transport. The adjustments should be accompanied by supporting documents to justify their rationale and accuracy.

12.7. Where it is necessary to make adjustments to the accepted value referred to in Paragraph 12.6 of this Article but it is impossible to make such adjustments or there are no documentary evidences to justify the adjustments, the transaction value method of similar goods shall not be used.

12.8. In determining the Customs value by the transaction value method of similar goods, the costs referred to in Paragraph 10.2 of Article 10 of the Present Law should be considered.

12.9. If more than one transaction value of similar goods are found possible, the lowest such value shall be chosen to determine the Customs value.

12.10. In determining the Customs value by the transaction value methods of similar goods, the prices for the goods referred to Paragraph 11.10 of Article 11 of the Present Law shall not be used.

### **Article 13. The Deductive Method**

13.1. Where the Customs value can not be determined by the Customs valuation methods referred to in Articles 10, 11 and 12 of the Present Law, it shall be determined by the deductive method.

13.2. The deductive method is used only in a case when the imported goods or the identical goods or the similar goods had been introduced into the Customs territory and resold in domestic market in the same condition as imported.

13.3. In determining the Customs value of imported goods by the deductive method, a unit price at which the imported goods or the identical or similar imported goods are sold to unrelated persons in the greatest aggregate quantity, at the time of importation of the goods being valued or within a period referred to in Sub-Paragraph 3.1.7 of Article 3 of the Present Law shall be taken as a base value, subject to deductions of the following expenses against financial or accounting documents:

13.3.1. either the commissions usually paid or agreed to be paid or additions usually made for profit and expenses in connection with sales in Mongolia of the imported goods of the same class or kind. The term "goods of the same class or kind" covers the group of goods produced within a particular industry or its sector;

13.3.2. the costs of transport and insurance charges incurred in the territory of Mongolia;

13.3.3. the Customs duties and other taxes paid in Mongolia.

13.4. If there found sales at different prices for the same quantity the lowest price should be chosen as a base (for Customs valuation).

13.5. In determining the value of imported goods, if there are no case of identical or similar goods resold in the domestic market in the same condition as imported, there may be used, at the request of declarant, the value of identical or similar goods sold after the processing.

13.6. In a case where identical or similar goods lost their identity in the course of processing, the procedure referred to Paragraph 13.5 of this Article shall not be applied.

### **Article 14. The Computed Method**

14.1. Where the Customs value can not be determined by the Customs valuation methods referred to in Articles 10, 11, 12 and 13 of the Present Law, it shall be determined by the deductive method.

14.2. In determining the Customs value by the computed method the following costs or expenses should be included:

14.2.1. direct costs (costs of materials, labour costs, etc.) and extra costs of manufacturing incurred in course of production of the goods being valued;

14.2.2. an amount of profits and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued, which are incurred to producers in the country of exportation for export to Mongolia;

14.2.3. the costs or charges referred to in Sub-Paragraphs 10.2.1-10.2.5 of Article 10 of the Present Law.

### **Article 15. The Fall-back or Residual Method**

15.1. The fall-back or residual method of Customs valuation is applied where it is impossible to determine the Customs value of imported goods by methods referred to in Articles 10-14 of the Present Law. This is the last method of Customs valuation and exercised in the following two ways:

15.1.1. the Customs value is determined by way of applying conditions or considerations prescribed for each method referred to in Articles 10-14 of the Present Law in flexible or softened manner like below:

15.1.1.1. when applied transaction value method: where there is no documentary evidence to justify a value or its components presented by declarant, to use reliable similar data available to Customs and other importers and compare (them) with other costs;

15.1.1.2. when applied transaction value method of identical or similar goods: to extend the time limit up to 90 days or 6 month or one or two years or soften goods requirements;

15.1.1.3. when applied the deductive method: to extend domestic processing time limit; to soften the base value selection requirements; or where there found no identical or similar goods sold in domestic market, to take into consideration the goods of the same class or kind;

15.1.1.4. when applied the computed method: the prices or values of materials can be same with the prices or values of like goods; or to establish costs of transport up to the (national) border with comparison of the costs for other goods.

15.1.2. the Customs value is determined on the basis of international trade practices and other commercial data valid at that time. In that case the following trade data or sources may be used:

15.1.2.1. the seller's price lists, reference books or catalogues;

15.1.2.2. statistical data and price breakdown tariffs for public use;

15.1.2.3. the exporter's price offers, the world's outstanding commodity exchange news, specialized news releases, contracts concluded by famous importers and the prices covered by them;

15.1.2.4. export price lists disclosed on internet for public use;

15.1.2.5. neighboring countries export price investigation results dealing with goods for export to Mongolia;

15.1.2.6. average price indicators timely established with regard to goods declared to Customs.

15.2. In determining the Customs value by the fall-back method the following prices should not be based on:

15.2.1. the selling price in domestic market of goods produced in Mongolia;

15.2.2. a system which provides for the acceptance for Customs purposes of the higher of two alternative values;

15.2.3. the price of goods on the domestic market of the country of exportation except the price of imported goods in case of cross-border trade;

15.2.4. the cost of production other than computed values which have been determined for identical or similar goods;

15.2.5. the price of goods for export to a country other than Mongolia;

15.2.6. arbitrary or fictitious values;

15.2.7. the lowest Customs value.

## **CHAPTER 5**

### **DETERMINATION OF CUSTOMS VALUE OF GOODS FOR EXPORT**



## **Article 16. The Customs Valuation Methods of Goods for Export**

16.1. The Customs value of goods for export is determined on the term delivered to the national border of Mongolia.

16.2. In determining the Customs value of goods for export the following methods are used in their sequences:

16.2.1. the transaction value method;

16.2.2. the costs calculation method;

16.2.3. the transaction value method of identical or similar goods;

16.2.4. the market value method.

## **Article 17. The Transaction Value Method**

17.1. In determining the Customs value of goods for export by the transaction value method the following costs or charges incurred up to the national border of Mongolia should be included into the transaction value provided that they are not included:

17.1.1. the costs of transport; and

17.1.2. insurance costs, loading, unloading, storage and transshipment costs as well as transport and export documents clearance fees, connected with transportation of goods.

17.2. The transaction value method shall not be applied in the following cases for determination of the Customs value of exported goods:

17.2.1. the transaction is subject to conditions for which a goods value cannot be determined;

17.2.2. the seller and buyer had relationship which substantially influenced the transaction value.

17.3. The fact that the relationship did influence the price is understood according to Sub-Paragraph 10.6.6 of Article 10 of the Present Law.

## **Article 18. The Costs Calculation Method**

18.1. If the Customs value of goods for export cannot be determined by the method referred to in Article 17 of the Present Law the costs calculation method should be applied.

18.2. In determining the Customs value of goods for export by the costs calculation method, the unit price is determined by way of price calculation based on objective financial and accounting data available to industries, economic entities and organizations which are exporters located in the territory of Mongolia.

18.3. In determining the Customs value of goods for export by the costs calculation method, the following costs or charges directly or indirectly reflected in the unit good concerned should be included:

18.3.1. the following costs incurred in connection with production of the goods being valued:

18.3.1.1. the price of raw materials, principal and supplementary materials incorporated by producer in the goods concerned;

18.3.1.2. manufacturing costs directly or indirectly incurred in connection with production of goods;

18.3.1.3. part of costs related to management or managerial activities, as apportioned to the goods concerned;

18.3.1.4. part of costs for electricity, heating, water supply, communications or leasing as apportioned to the goods concerned;

18.3.1.5. industry equipment amortization costs, as apportioned to the goods concerned; and

18.3.1.6. taxes as apportioned to the goods concerned;

18.3.2. costs of transport to national border of Mongolia, loading, unloading, storage or transshipment costs as well as insurance costs associated therewith; and

18.3.3. profits made from production and exportation of goods concerned.

18.4. The costs, charges, taxes or profits enumerated in Paragraph 18.3. of this Article should not be duplicated.

18.5. The costs, charges or profits enumerated in Paragraph 18.3. of this Article should have no big differences against average records of economic entities operating in that sector, filed with statistical or tax office. If there found big differences in this regard the Customs value is not determined by the costs calculation method.

## **Article 19. The Transaction Value Method of Identical or Similar Goods**

19.1. If the Customs value of goods for export cannot be determined by the methods referred to in Article 17 or 18 of the Present Law the transaction value method of identical or similar goods should be applied.

19.2. In determining the Customs value of goods for export by the transaction value method of the identical or similar goods there should be applied the transaction value of identical or similar goods cleared and exported from Mongolia at or about the same time as the goods being valued.

19.3. The terms "identical goods" and "similar goods" are understood as described in Articles 11 and 12 of the Present Law.

19.4. In determining the Customs value of goods for export by the transaction value method of identical or similar goods the due account should be taken in regard to the following:

19.4.1. the value of the identical or similar goods should be the transaction value recorded with own or other economic entity or organization;

19.4.2. the identical or similar goods should be exported at the same time as the goods being valued or should have been exported within 60 days before exportation of the goods being valued.

19.5. Where there found several transaction values of identical or similar goods exported or to be exported within the time limit stipulated in Sub-Paragraph 19.4.2. of this Article it should be chosen that which happened/occurred more times.

## **Article 20. The Market Value Method**

20.1. The last Customs valuation method of goods for export is the market value method.

20.2. In determining the Customs value of goods for export by the market value method, it should be taken into account the international trade practices and the world market price releases of that time and the following trade data or sources should be based on:

20.2.1. price lists, reference books or internet news disseminated by exporters for public use;

20.2.2. official reports disseminated among public such as foreign trade statistics or Customs statistics;

20.2.3. the news of the specialized stock-exchanges or the specialized newspapers or periodicals as well as the outstanding or major exporters contracts or prices therein.

## **CHAPTER 6**

### **THE CLASSIFICATION OF GOODS**

#### **Article 21. The Harmonized System**

21.1. The Harmonized System is applied for the purposes of implementing both tariff and non-tariff measures and compiling foreign trade statistics.

21.2. The foreign trade goods classification inventory as well as the national sub-headings are adopted by the Customs central body on the basis of the Harmonized Commodity Description and Coding System accepted at the international level.

#### **Article 22. Classification of Goods**

22.1. A declarant should determine the classification codes of goods crossing the national border according to the Harmonized System.

22.2. The Customs, in the course of examining Goods declarations or inspecting goods, should verify the classification codes determined by the declarant and make its own decision.

22.3. A declarant should follow the decisions made by the Customs on goods classification. Where a declarant does not agree with the Customs decision he has a right to appeal according to Article 13 of the Customs Law.

#### **Article 23. Pre-Entry Classification**

23.1. The Customs may, at the request of a declarant, determine the classification codes of certain goods in advance.

23.2. The rules for Pre-Entry Classification should be approved by the Customs Central Body.

## **Article 24. A Request for Pre-Entry Classification**

24.1. A declarant should attach to a request for pre-entry classification sample of goods or test goods, goods description, photos or schemes as well as trade documents or technical specification documents.

24.2. Where the documents attached by a declarant to a request for pre-entry classification are not sufficient the Customs should ask a declarant for additional documents and information. Where it is necessary to collect additional materials or information, the Customs should notify a declarant of it within 14 days after receiving the request for pre-entry classification.

24.3. The additional documents or information referred to in Paragraph 24.2 of this Article should be supplied within 30 days and in case of failure the Customs will decide on against the pre-entry classification.

## **Article 25. Alteration, Denunciation or Suspension of a Decision on Pre-entry Classification**

25.1. The Customs may suspend or denounce its decision on pre-entry classification.

25.2. The Customs shall denounce its decision on pre-entry classification on the following basis and shall notify a declarant of it in writing:

25.2.1. the foreign trade goods classification inventory or national sub-headings are amended;

25.2.2. otherwise is provided for in a newly concluded international treaty of Mongolia.

25.3. Where the documents or information supplied by a declarant are proved to be or suspicious to be forged after its decision on pre-entry classification the Customs should suspend its implementation. The decision on suspension should be effective since the date when the decision on pre-entry classification is taken.

## **CHAPTER 7**

### **ORIGIN OF IMPORTED GOODS**

#### **Article 26. Rules of Origin of Goods**

26.1. The Rules of Origin of Goods are enacted for the purposes of applying the MFN tariff or economic or trade policy.

26.2. The Rules of Origin of Goods are adopted by the Government of Mongolia.

### **Article 27. Determination of Country of Origin of Imported Goods**

27.1. A country of origin of imported goods is determined according to the Present Law and the Rules of Origin of Goods.

27.2. A country of origin may be a commonwealth of countries, international Customs or economic union, and for determination of origin of goods, particular part or region of one country.

27.3. At a request of declarant, a country of origin may be pre-determined by Customs.

### **Article 28. A Country in which Imported Goods are Wholly Produced**

28.1. A country in which goods are wholly produced shall be taken as the country of origin of that imported goods.

28.2. The following goods shall be taken to be produced wholly in a given country:

28.2.1. mineral products extracted from its soil, from its territorial water or from its sea-bed;

28.2.2. vegetables or vegetable products harvested or gathered in that country;

28.2.3. live animals born and raised in that country;

28.2.4. products obtained from live animals in that country;

28.2.5. products obtained from hunting or fishing conducted in that country;

28.2.6. products obtained by maritime fishing and other products taken from the sea by a vessel of that country;

28.2.7. products obtained aboard a factory ship of that country solely from the products of the kind covered by Sub-Paragraph 28.2.6 of this Article;

28.2.8. mineral products extracted from marine soil or subsoil outside that country's territorial water;

28.2.9. scrap and waste from manufacturing and processing operations, and used articles, collected in that country and fit only for the recovery of raw materials;

28.2.10. goods produced in that country solely from the products referred to in Paragraphs 28.2.1-28.2.9 of this Article.

### **Article 29. The Substantial Transformation Criterion**

29.1. Where two or more countries have taken part in the production of the goods, a country of origin should be a country where the substantial transformation took place.

29.2. Whether goods had undergone a substantial transformation is determined on the basis of the following criterion:

29.2.1. after processing or manufacturing, the goods classification codes are changed at the level of heading of the Harmonized System;

29.2.2. production and technological processes of the goods are sufficient to regard a given country as the country of origin of that goods;

29.2.3 the value, or the value added, of materials used in a particular goods constitutes 50% or more of value of the compensating product.

29.3. The following operations should not fall under the substantial transformation criterion:

29.3.1 operations necessary for handling of goods during transportation or storage;

29.3.2. preparation for sale or shipment of goods;

29.3.3. simple assembling operations;

29.3.4. mixing of goods of different origin, provided that the characteristics of the compensating product are not essentially different from characteristics of the goods which have been mixed.

### **Article 30. Special Cases of Origin Qualification**

30.1. The goods forwarded in several shipments as they cannot be sent in one shipment because of production or transportation requirements, unassembled or

dismantled goods, and also the goods imported in several shipments because of carriage malfunction should be deemed to have the same origin.

30.2. The goods qualifying the following conditions shall be deemed to have the same origin:

30.2.1. the reasons for dispatching goods in several shipments as unassembled or dismantled are indicated and notified to Customs in advance with reference to commodity classification codes, values and the countries of origin in each shipment, or there are presented documents supporting the carriage of goods separately because of mistake;

30.2.2. goods in each shipment are sent from the same country and by the same consignor;

30.2.3. goods in each shipment are declared to the same Customs office;

30.2.4. the Customs has allowed good in each shipment to enter the Customs territory within 3 months after acceptance/presentation of goods declaration. This period may be extended at a request of declarant.

30.3. Spare parts, components, tools or instruments for use with a machine, appliance, apparatus or vehicle should be deemed to have the same origin as the machine, appliance, apparatus or vehicle, provided that they are imported together with relevant machine, appliance, apparatus or vehicle and correspond, in kind and number, to the normal equipment thereof.

30.4. Containers or packings when imported into the Customs territory separately except the case they are declared separately should have the same origin.

30.5. For the purpose of determining the origin of goods, no account shall be taken of the origin of the energy, plant, machinery and tools used in the manufacturing or processing of the goods.

### **Article 31. Documentary Evidence of the Country of Origin**

31.1. The Customs is entitled to require a documentary evidence of the country of origin.

31.2. The documentary evidence of the country of origin should be either declaration of origin or certified declaration of origin or certificate of origin.

31.3. A certificate of origin is the principal document for applying the MFN tariff.

31.4 The documentary evidence of country of origin should be presented to Customs by a declarant.



31.5. the Customs may verify the accuracy of documentary evidence of origin.

31.6. Verification of documentary evidence of origin should not exceed 30 days. The Customs central body may extend that period once by another 30 days.

31.7. The documentary evidence is not required for:

31.7.1. goods in international transit;

31.7.2. cases provided for in the international treaty of Mongolia or in its national legislation.

### **Article 32. Declaration of Origin**

32.1. A statement as to the origin of the goods made by the manufacturer, seller or exporter in invoice or other document relating to the goods shall be the declaration of origin.

32.2. The declaration of origin is required for the following goods:

32.2.1. goods for sale or use, the aggregate value of which does not exceed US\$1000;

32.2.2. travellers' personal effects, the aggregate value of which does not exceed US\$1000;

32.2.3. where several consignments of the kind referred to in Sub-Paragraphs 32.2.1 and 32.2.2 of this Paragraph are sent at the same time, by the same means, by the same consignor, the aggregate value does not exceed US\$1000.

### **Article 33. Certified Declaration of Origin**

33.1. "The declaration of origin" certified by an authority empowered to do so shall be the certified declaration of origin.

33.2. The certified declaration of origin may be required for goods referred to in Paragraph 32.2 of Article 32 of the Present Law.

### **Article 34. Certificate of Origin**

34.1. A certificate of origin in a special form issued by a competent authority of a given country to give effect to the origin of goods shall be taken as an official document to determine the country of origin of the goods concerned.

## **CHAPTER 8**

### **LEVYING, COLLECTION AND PAYMENT OF CUSTOMS DUTIES AND OTHER TAXES**

#### **Article 35. Levying Customs Duties and Other Taxes**

35.1. Customs duties and other taxes are levied on goods entering or leaving the Customs territory. This provision is applied also for goods exempted from Customs duties and other taxes.

35.2. The basis for assessment of Customs duties and other taxes should be the Customs value and quantity of the goods.

35.3. The Customs duties and other taxes should be assessed in togrogs on the basis of tariffs and exchange rates in force on the day when the goods declared to Customs. If the exchange rates of togrogs against foreign currencies and tariff rates have been changed between the dates of pre-entry clearance of documents and release of goods the exchange rates and tariffs effective on the date of release of goods shall be applied.

35.4. The rules on continuous application of the exchange rate of togrogs against foreign currencies for a certain period of time shall be adopted jointly by the President of Mongolbank and the Cabinet Minister in charge of Customs matters.

35.5. In assessing Customs duties and other taxes for goods in violance of Customs legislation it should be applied the tariffs and exchange rates in force on the day when the goods crossed the national border or if it is not possible to determine that day, on the day when the offence is detected.

#### **Article 36. Collection of Customs Duties and Other Taxes and Accumulation into State Budget**

36.1. The Customs shall accumulate the Customs duties and other taxes collected from taxpayer into the state budget.

36.2. The Customs duties and other taxes levied on goods temporarily admitted should be kept in special account of state fund.

## **Article 37. Remission of Customs Duties and Other Taxes**

37.1 The remission of the Customs duties and other taxes is granted for the following goods:

37.1.1. goods entering the Customs bonded areas, the duty free shops, the Customs special zones or the free zones directly from abroad or the goods leaving them directly for abroad;

37.1.2. goods returning after carriage by mistake;

37.1.3. goods under transit;

37.1.4. goods in transshipment; or

37.1.5. goods for destruction.

## **Article 38. Exemption from Customs Duties**

38.1. The following goods are exempted from the Customs duties upon their importation into the Customs territory:

38.1.1. artificial bodyparts and appliances for special use by disabled people, and components or accessories thereof;

38.1.2. relief goods or aid;

38.1.3. currencies, mongolian bank-notes ordered and produced abroad;

38.1.4. travellers' personal effects;

38.1.5. blood, blood-products, organs or bodyparts for medical use;

38.1.6. gas fuel, its containers, equipment, special-use machines, machinery and appliances or accessories. List of goods to be covered by this provision shall be approved by the Government;

38.1.7. imported logs, beam wood, lengthwise sawn wood, seeds, roots or slips of other non-prohibited woods or cluster;

38.1.8. machinery and equipment, materials, raw materials, spare parts, autofuels or diesel oils imported for use in oil exploration, mining, extraction or exploitation to be carried out under product-sharing contract concluded with the Government in oil sector;

38.1.9. civil passenger air-craft or its spare parts;

38.1.10. imported goods for official use by foreign diplomatic agency or consular office, the United Nation Organization or its specialized organs;

38.1.11. articles for personal use, necessary for establishment in the receiving State, of head of foreign diplomatic mission, members of diplomatic staff, of administrative and technical staff and of service staff of such diplomatic mission or members of their families;

38.1.12. other goods stipulated in law or international treaty.

38.2. Goods temporarily admitted into the Customs territory in an unforeseeable or force majeure case or in the framework of international events may be exempted from the Customs duty in accordance with the regulations adopted by the Government.

38.3. Exemption from the Customs duties shall be regulated only by the Present Law.

### **Article 39. Payment of Customs Duties and Other Taxes**

39.1. The Customs duties and other taxes shall be paid by a taxpayer.

39.2. Where a guarantee to pay Customs duties and other taxes is issued by a bank, such guaranteeing bank shall be responsible for payment of Customs duties and other taxes upon a guaranteeing period had elapsed.

39.3. Where a goods temporarily admitted into the Customs territory is not re-exported within its time limit the Customs duties and other taxes levied upon their entry into the Customs territory should be paid.

39.4. A taxpayer may make an advance payment into a Customs account in order to pay Customs duties and other taxes. On the advance payment there shall not be paid any interest.

39.5. A goods declaration shall be validated upon meeting of any of the following conditions:

39.5.1. the Customs duties and other taxes are paid;

39.5.2. a decision on suspension or payment by instalment of the Customs duties and other taxes is taken; or

39.5.3. any form of guarantee to pay Customs duties and other taxes provided for in Article 41 of the Present Law is issued.

39.6. The Customs duties and others taxes are deemed to be paid in any of the following cases where:

39.6.1. a tax amount is transferred by a bank into Customs account or state revenue;

39.6.2. a payment is made in cash at Customs; or

39.6.3. a tax amount is transferred from previously paid to Customs payments.

39.7. In case where the relevant guarantee to pay Customs duties and taxes is granted according to the provision of Article 41 of the Present Law or the relevant decision of the Government is issued in accordance with Paragraph 40.1. of Article 40 of the Present Law, the Customs should regard the Customs duties and other taxes as paid and should validate the respective goods declaration.

39.8. As an evidence of payment of Customs duties and other taxes, the Customs should leave a copy of the valid goods declaration with a taxpayer.

#### **Article 40. Suspension or Payment by Instalment of Customs Duties and Other Taxes**

40.1. A decision to extend the time-limit to pay the Customs duties and other taxes by up to 2 months, or to pay these taxes by installment within 2 months may be taken by the Government.

#### **Article 41. A Guarantee To Pay Customs Duties and Other Taxes**

41.1. For goods or means of transport crossing the Customs border, the Customs may allow a guarantee to pay the Customs duties and other taxes.

41.2. A taxpayer may provide a guarantee to pay the Customs duties and other taxes in one of the following forms:

41.2.1. giving into a custody a goods crossing the Customs border or money asset;

41.2.2. providing a bank guarantee; or

41.2.3. presenting other forms of guarantee provided for in international treaties.

41.3. Any guarantee to pay the Customs duties and other taxes should not exceed the amount of Customs duties and other taxes levied according to the basic tariffs plus 10 per cent of the due amount.

41.4. The rules on issuance of a guarantee to pay the Customs duties and other taxes should be adopted by the Government.

#### **Article 42. Abatement of Customs Duties and Other Taxes**

42.1. An abatement of Customs duties or other taxes may be allowed by Customs in case where there is a documentary evidence that a goods, while being under Customs control, has suffered a damage, deterioration, or loss in volume or weight, or became no longer of use.

#### **Article 43. Drawback and Refund of Customs Duties Duties and Other Taxes**

43.1. A drawback of Customs duties and other taxes may be allowed by Customs in the following cases where:

43.1.1. goods temporarily admitted into the Customs territory are re-exported within its time-limit;

43.1.2. goods temporarily exported from the Customs territory are re-imported within its time-limit;

43.1.3. goods temporarily admitted into the Customs territory are placed under the non-duty procedures.

43.2. A refund of Customs duties and other taxes may be allowed by Customs in the following cases where:

43.2.1. the basic rate is substituted for the MFN rate;

43.2.2. a value determined by Customs is refused in accordance with Paragraph 8.7 of Article 8 of the Present Law;

43.2.3. Customs duties or taxes are over-paid or over-assessed.

43.3. Customs shall not pay an interest for the Customs duty or other tax amounts due to drawback or refund.

43.4. At the request of taxpayer, the over-paid duty or tax amounts may be converted for payment of duties or taxes on next consignment.

#### **Article 44. Discharge of Obligation To Pay Customs Duties and Other Taxes**

44.1. The taxpayer's obligation to pay Customs duties and other taxes should be discharged in the following cases where:

44.1.1. tax is paid;

44.1.2. a taxpayer is exempted from payment of the relevant tax;

44.1.3. tax is paid by a guaranteeing bank;

44.1.4. tax is paid within a period provided for in a custody contract;

44.1.5. temporarily admitted goods or temporarily exported goods are returned within a prescribed time-limit;

44.1.6. goods are confiscated by Customs;

44.1.7. duties and taxes are forcefully paid.

#### **Article 45. Bank Undertakings**

45.1. When a bank, according to Paragraph 41.2.2 of Article 41 of the Present Law, had provided a guarantee to pay Customs duties and other taxes on behalf of a declarant and the latter failed to pay that duties and taxes within a time-limit provided for in the guarantee the bank is obliged to pay that duties and taxes to Customs.

45.2. Where a bank failed to pay the duties and taxes according to Paragraph 45.1 of this Article, according to Sub-Paragraph 4 of Paragraph 1 of Article 13 of the General Law on Taxation, it should pay an interest equal to 0.5 per cent of non-paid tax amount each day.

45.3. A bank or financial organization should execute/transfer the payments of Customs duties and other taxes of its client economic entities or organizations within 12 hours and the same day place them into the state budget account. In case of failure, it should pay an interest equal to 0.5 per cent of non-paid tax amount each day.

#### **Article 46. Confiscation of Non-Paid Customs Duties and Other Taxes**

46.1. Though a guarantee to pay Customs duties and other taxes is provided according to Article 41 of the Present Law the respective Customs duties or taxes are not paid or they are not paid within the time limit provided for in Paragraph 40.1 of Article 40 of the Present Law, the non-paid duties and taxes should be confiscated by the tax agency in accordance with provisions of Articles 22-27 of the Law on Control Over Tax Assessment and Payment and Tax Confiscation.

46.2. Unless otherwise is provided for in a law, the provision of Paragraph 46.1 of this Article may be exercised by a Customs staff having a power of taxation officer.

## **CHAPTER 9**

### **Miscellaneous Provisions**

#### **Article 47. Entry into Force of the Present Law**

47.1. The Present Law shall be effective since this 1st Day of July 2008.

**SPEAKER OF THE STATE GREAT KHURAL**

Date, Ulaanbaatar