



Fig. 2 E-tax return

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Борлуулагч		Худалдан авагч	
Нэр: Эцсийн хэрэглэгч	Нэр: МНССофт		
ТТД: 1000000	ТТД: 2581965		
Төрөл:	Бараа ажил үйлчилгээ:	Хэмжих нэгж:	Тоо ширхэг:
1-НВАТ но			
Нийт үнэ:			
ДД	Бараа үйлчилгээний нэр	Хэмжих нэгж	Тоо ширхэг
Бараа, ажил, үйлчилгээний үнэ:			0
Нэмэгдсэн өртгийн албан татвар:			0
Нийт дүн:			0

Fig. 3 Value Added tax invoice

Training of officials and senior managers in Japan

From 2002 onward, each year JICA invites tax officials to Japan to receive training by the National Tax College. So far 77 Mongolian trainees have attended, working in close coordination with projects in Mongolia and raising their understanding and capabilities.



3 Taxpayer services

To improve the self assessment system and enhance convenience for taxpayers, the GDNT established Taxpayer Service Centers. JICA provided support for this system, establishing a model Taxpayer Service Center in the Songinokhairkhan district. Today, 26 Taxpayer Service Centers are in operation nationwide, assisting many taxpayers in submitting tax returns, offering tax advisory services, registration of taxpayers and more.



Support for the introduction of a tax accountant system was also provided.



For a better tomorrow for all.

Japan International Cooperation Agency



IN STEP WITH A DEVELOPING MONGOLIA

PROGRESS IN THE JICA PROJECT FOR THE ENHANCEMENT OF TAX ADMINISTRATION OF MONGOLIA 1998-2008



Twelve years ago, after its conversion to a market economy, the government of Mongolia suffered from severe fiscal deficits, caused by chronic revenue shortfalls. To improve this situation and establish healthy economic growth, Japan International Cooperation Agency (JICA) became the main foreign donor to provide technical cooperation to the General Department of National Taxation, Mongolia (GDNT) to reform its fiscal base, recognizing that the majority of government revenues were derived from the tax regime.

Thanks to outstanding economic growth in recent years, Mongolia achieved a fiscal surplus in 2006. Although economic growth powered the elimination of the deficit, the relationship was not straightforward. The fiscal surplus is the result of a program of technical support and cooperation between Mongolia and Japan to link growth with government revenues. It is the product of joint effort among staff members from both countries.

The project was implemented in five phases, from 1998 to 2008. In each phase, appropriate action was taken to address aspects of Mongolia's taxation problems. The result was a dramatic rise in tax revenue.

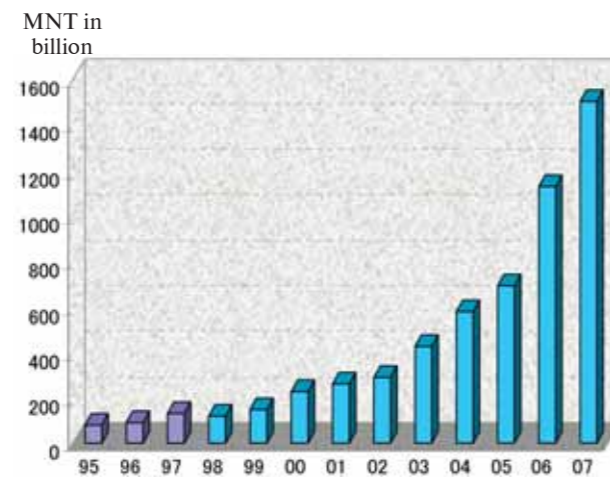
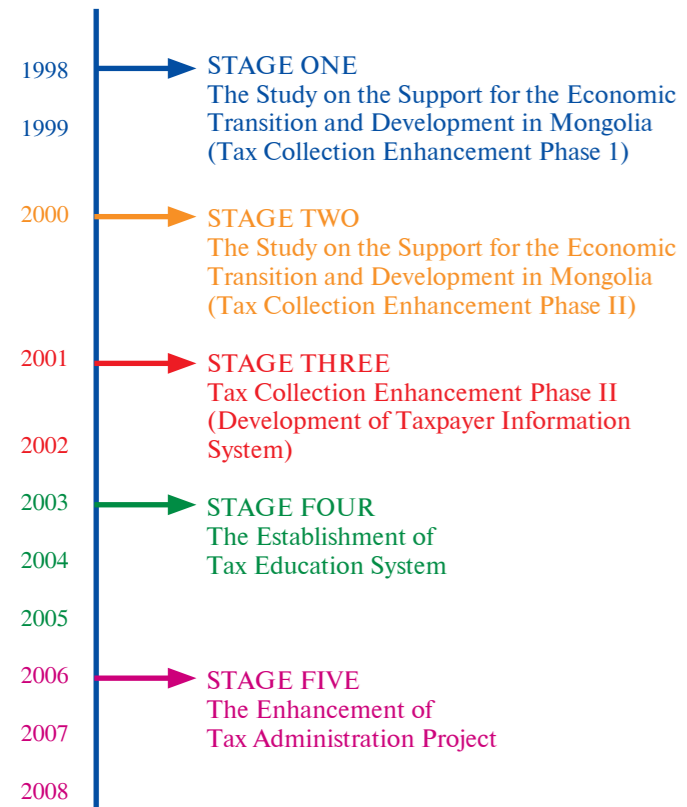


Fig. 1 Trends in tax revenues
Source: Yearly bulletin, National Statistical Office

STAGE ONE

The Study on the Support for the Economic Transition and Development in Mongolia (Tax Collection Enhancement Phase I)

August 1998 to September 1999

A comprehensive survey to improve the tax collection system was carried out and tax audit methods were transferred regarding cash transactions, which comprised the majority of transactions in Mongolia at the time. The tax administration was reorganized and tax evador information system was improved.

STAGE TWO

The Study on the Support for the Economic Transition and Development in Mongolia (Tax Collection Enhancement Phase II)

June 2000 to August 2001

Based on the comprehensive survey in Phase I, further technical transfers were carried out. JICA assisted in the drafting of legislation for the reform of Mongolia's tax system by the GDNT, including laws on supervision of taxation and tax collection. For business operators who lacked records, technical assistance was provided to enable the estimation of income.

STAGE THREE

Tax Collection Enhancement Phase II Development of Taxpayer Information System

November 2001 to March 2003

From the outset, the project worked to improve the tax auditing capabilities of GDNT staff. At the time, information on taxpayers was held by individual tax inspectors, making tax auditing inefficient. To improve this situation, a third-party information system was developed. The purpose of the system was to ensure the sharing of information among tax inspectors, to use the information in tax audits and improve the effectiveness of audits. Information from customs and other government organizations was matched with taxpayer information held by the GDNT for use in tax auditing. Technical transfers were provided regarding arrangements for the use of this system, system specifications and methods of application of tax auditing. This system now plays a major role in GDNT tax auditing. Soon after its installation, the amount of tax collected increased dramatically, as the system was used to assess supplementary charges and interest penalties.



Third party information database /TPI/

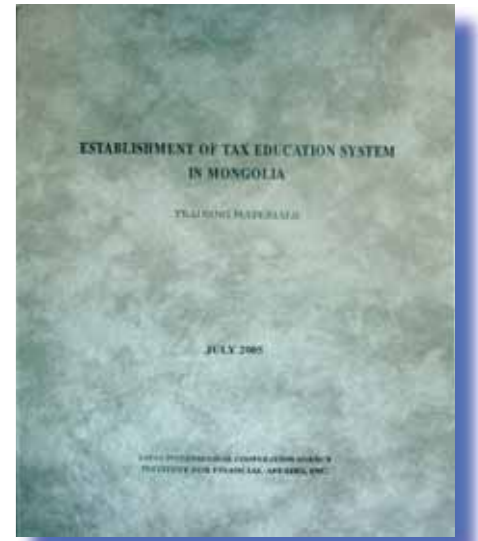
- Information from the Customs Administration Agency
- Information from the Immovable Property Registration Agency
- Information from the State Social Insurance General Office
- Information from the Ministry of Finance
- Information from a third party information document
- Alcohol-related information

STAGE FOUR

The Establishment of Tax Education System

December 2003 to July 2005

To ensure the GDNT's ability to secure stable tax revenues on a permanent basis and through its own efforts, the training system for tax officials, including curriculum and teaching materials, was overhauled. At the same time, follow-up was provided regarding the third-party information system and support was provided on taxpayer services and public relations.



STAGE FIVE

The Enhancement of Tax Administration Project

From January 2006

This project is a wrap-up of preceding projects. It consists of three components.

1 Personnel education and training

The GDNT's system for personnel education and training was overhauled. A training history was prepared, the capabilities of tax officials were carefully assessed, and training was provided according to the abilities of each, to improve the effectiveness of training.

Regional training centers in regions such as Darkhan-Uul and Uvurkhangaï were set up, and support was provided to increase tax officials' opportunities for training. Distance learning was also instituted on a trial basis.



2 Tax collection

Collections of auditing examples and manuals for each type of industry were prepared, to enable more detailed and effective audits. After conclusion of the project, the GDNT will continue to supplement the examples and manuals. In tax collection, a notification system was implemented on a trial basis as a means of dealing with arrears. We expect that this approach will be expanded to improve tax collection rates. The third-party information system was further refined. The processing of VAT invoices, which was a long-standing problem for the Mongolian tax regime, was made more systematic with the introduction of electronic systems for submission of VAT statements. Gathering of information from other government organizations was expanded.