

VAT promotion system in Mongolia

/e-recipept, e-invoice system/

Dec 1, 2017

Purpose and Result

Business entities

- Paperless procedure
- Electronic procedure
- Possibility to access 2 different systems through one window
- Increase of sales
- Unified management, possibility of providing correct information
- Reduce the time spent on VAT refund

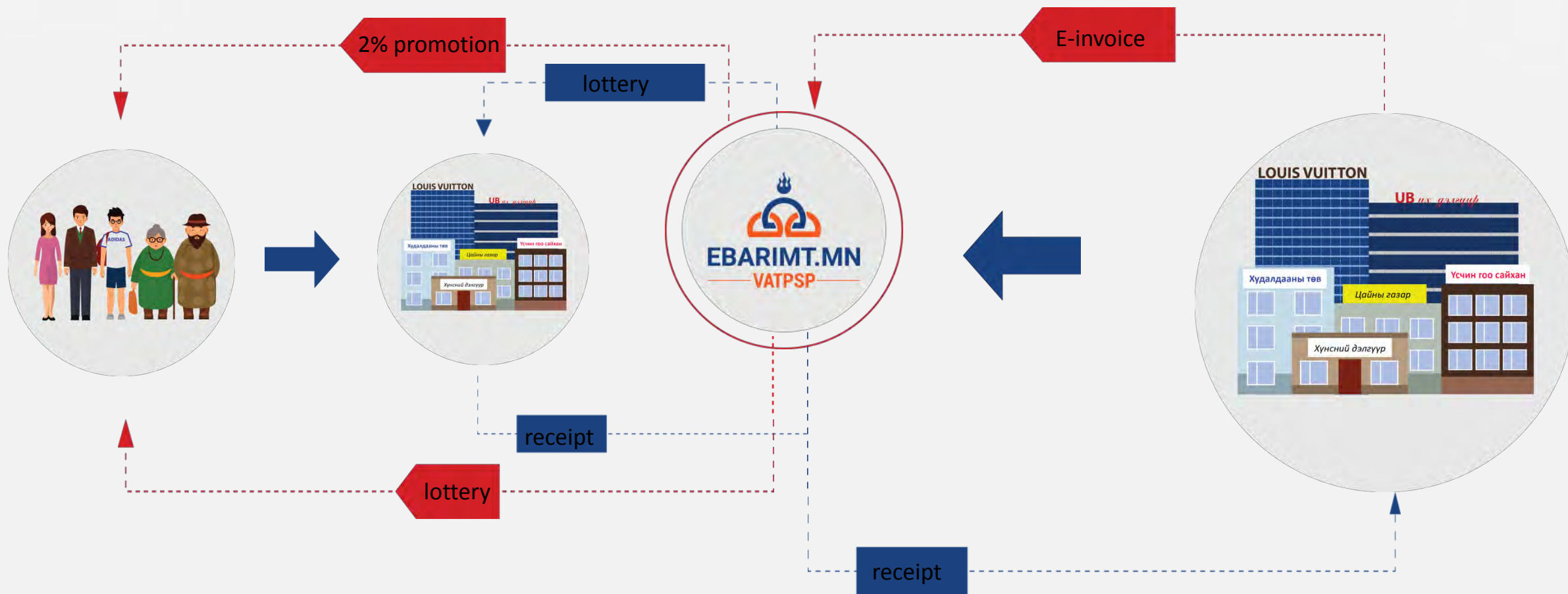
Citizens

- Cash back up to 20% VAT paid
- improve financial education of the citizen
- Reduce the time spent on VAT refund

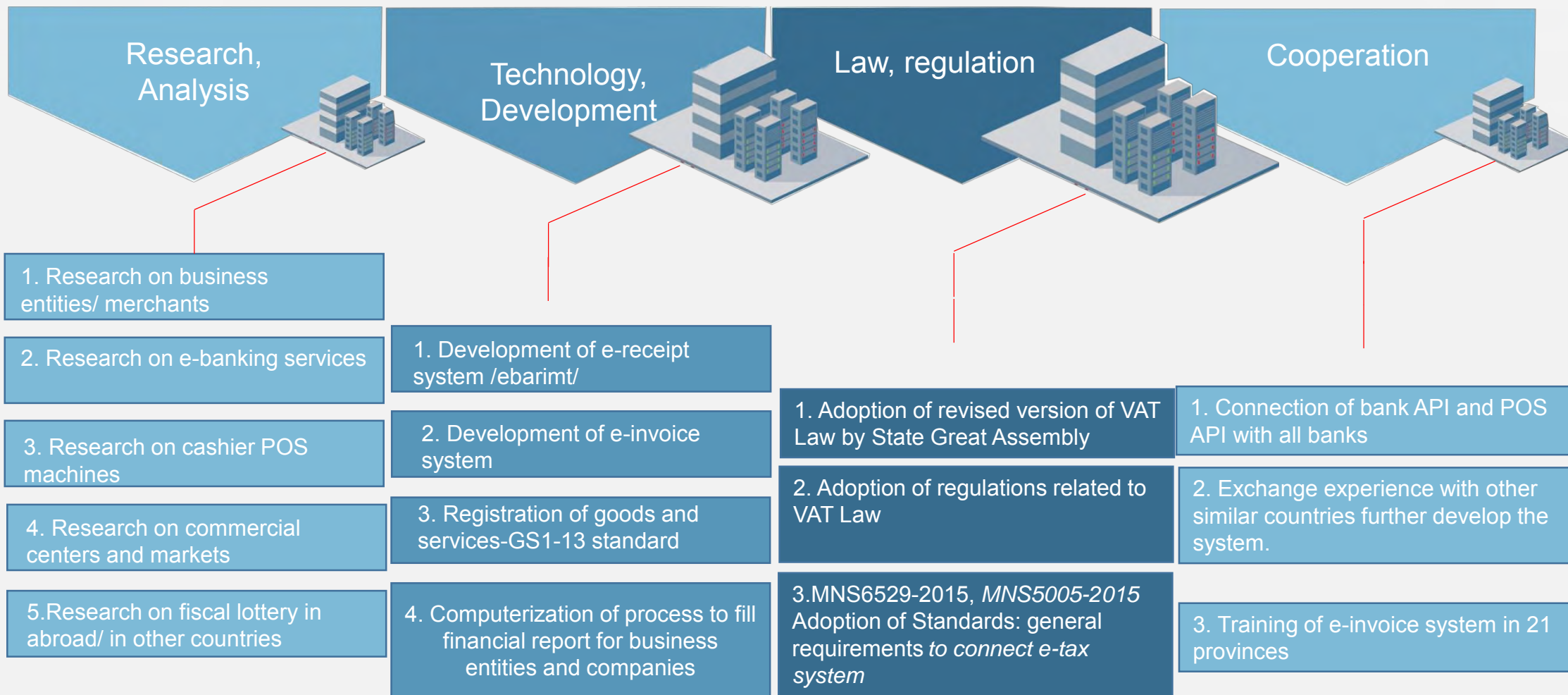
Government

- sales by cash and credit in market must be registered by GS1 standard code-goods and services category code
- Improve the accuracy of government data
- Reduced cost of administration
- Involvement of citizen's control
- could collect tax from shadow economy to the state budget
- false VAT invoice and fiscal fraud have decreased
- could collect VAT in fast and transparent way

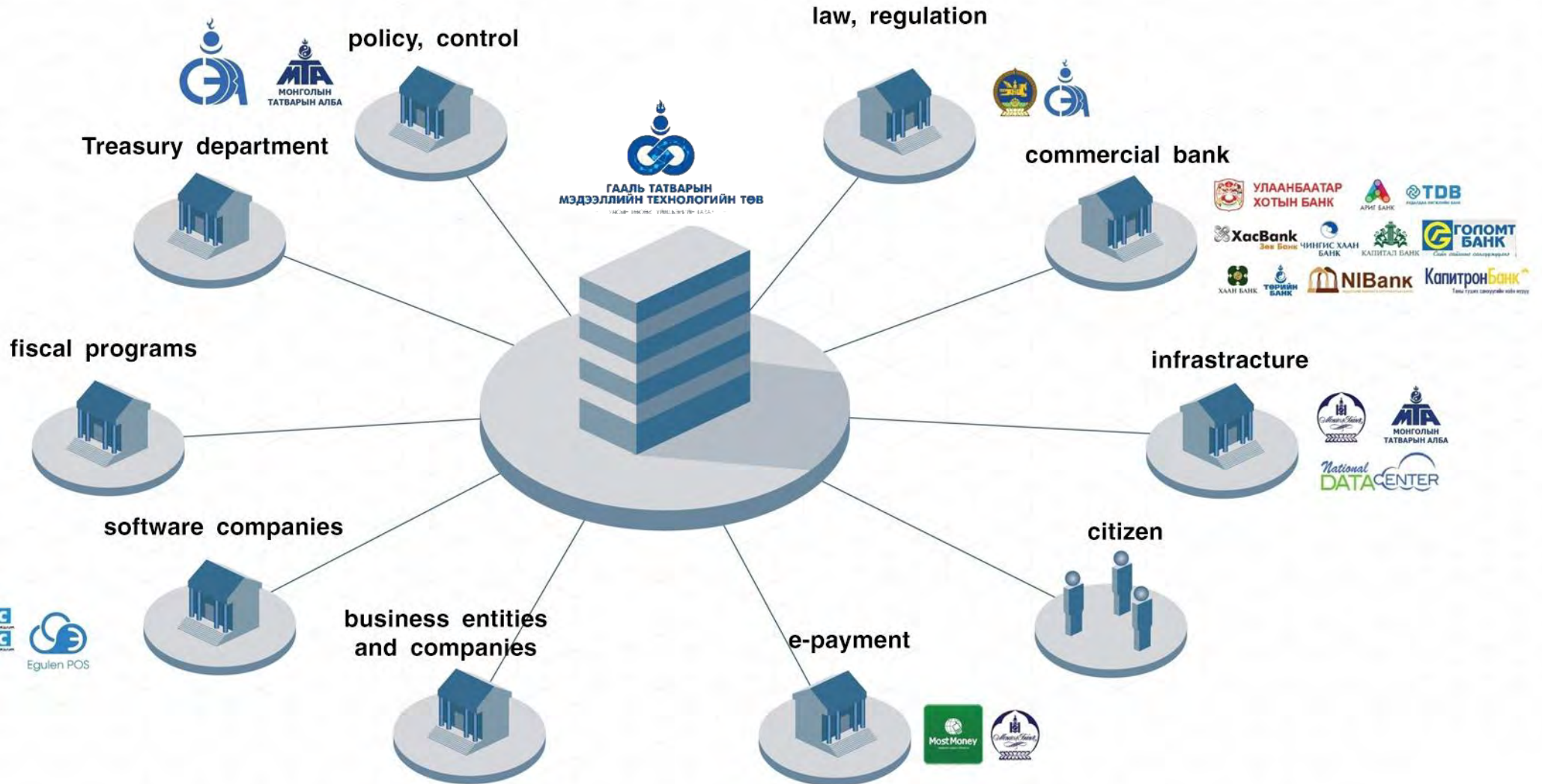
Diagram of VAT promotion system



Implementation stages



STAKEHOLDERS



“Statistic of VAT promotion system”



amount of prizes 10,372,000,000 MNT



business entities 78,958



number of winners 274,871



number of POS 123,924



number of consumers 387,300

Claimed: 1,803,180,000



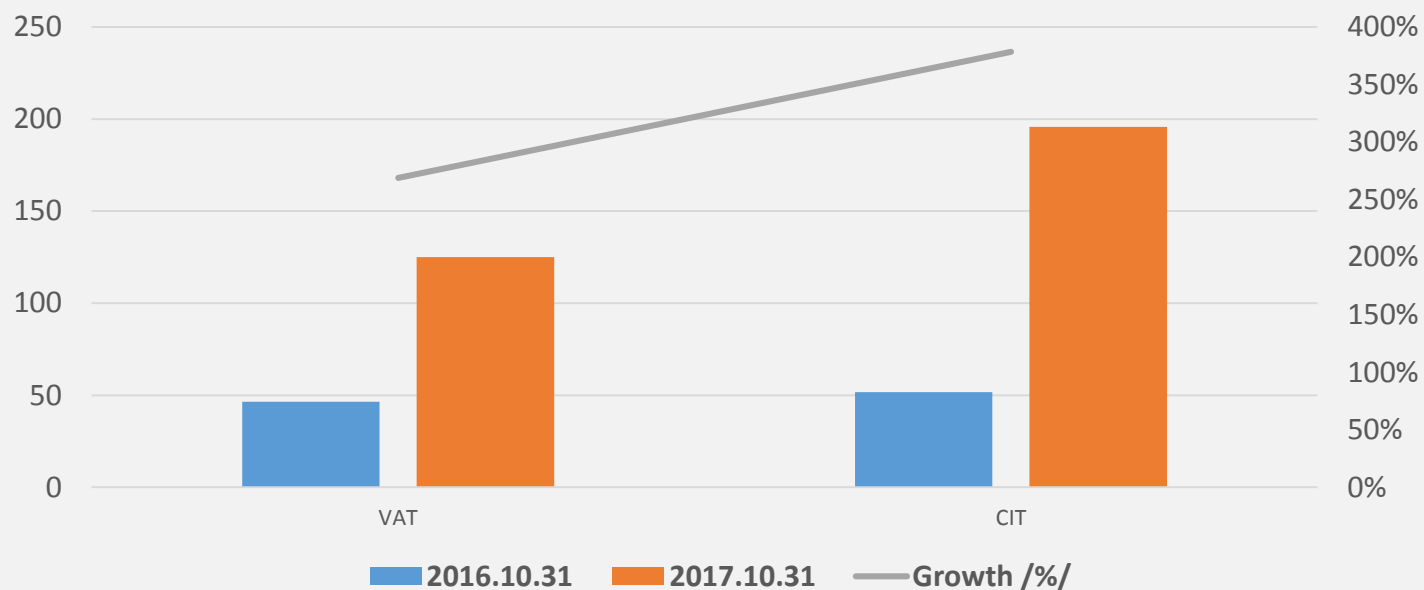
number of payment receipts 620,409

Growth chart

/billion.MNT/

№	Type of tax	2016.10.31	2017.10.31	Growth /%/
1	VAT	46.5	125.1	269%
2	CIT	51.7	195.7	378.5%

Tax payment growth



Challenges:

- During the first phase of the system, it was difficult to involve self-employed people with small businesses.
- Due to mismatch of the recipient name and bank account information on the system, the transactions were returned and accumulated in intermediary account;
- The goods and services bought by enterprise use or resale (not for the end user) was difficult to identify from the others. /according to the law, VAT refund must be paid to the end user/

Solutions:

- To set up new application which is named “Tax inspector”. And customers are pushing small businesses to provide the proper receipt which would be acceptable by the tax authority.
- Connect the system the bank’s customer database to eliminate the returned transactions, or communicate with the customer through the application to correct the personnel information.
- Make a amendments to the VAT law and regulations to add risk measures.

THANK YOU