

LEGAL NEWSLETTER

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AKP Law Firm

We are presenting the notable Government resolutions approved and notable laws, resolutions, and decisions discussed in May 2026.

I. DRAFT LAWS SUBMITTED TO THE STATE GREAT KHURAL

1.1 The Draft Law on Utilization and Efficiency of Foreign Loans

The Government submitted this bill on May 14, 2026, and its first reading was held on May 21. If passed, the bill will enable implementation of major strategic infrastructure projects financed by foreign loans, including the construction of an oil refinery capable of meeting 55% of domestic petroleum demand, and the Erdeneburen hydroelectric power station. Currently, 74 foreign loan projects with a total agreed value of MNT 20.9 trillion are underway, of which 34% has been utilized.

1.2 The Draft Law on Amendments to the Law on the State Great Khural of Mongolia

This bill, submitted on May 13, 2026, by 12 members of the Parliament, aims to add provisions holding parliament members accountable for non-participation in sessions and votes. Specifically, it proposes deducting the salary and budget funding of any parliament members who participates in fewer than 50% of votes within a single month, and imposing sanctions on members absent 5 or more times without justification during a regular session.

1.3 The Draft Law on Protection of the Life and Health of Workers and Ensuring Safe Working Environment

The Government submitted this bill to the State Great Khural on May 29, 2026. It is aimed at improving workplace safety and hygiene standards and increasing employer accountability.

II. STATE GREAT KHURAL: NOTABLE RESOLUTIONS

2.1 First readings of the Draft Law on Amendments to the Tax Law was approved

At the plenary session of May 22, 2026, it was approved to begin first readings of a package of amendments to Tax Laws. The Government stated that these amendments are aimed at ensuring legal stability for foreign investors and domestic producers under the economic liberalization policy.

2.2 Regarding the Amendment to the Criminal code related to the Crime of Spreading False Information

In connection with the State Great Khural's acceptance of the Constitutional Court's 10th Conclusion of 2025, a first reading was held on May 21, 2026, on a bill to invalidate Article 13.14 of the Criminal Code related to the Crime of Spreading False Information.

The invalidation of this provision, which is directly related to press freedom and journalists' professional activities, represents a significant legal change.

III. GOVERNMENT RESOLUTIONS:

A total of 64 Government Resolutions were approved in May 2026, of which the following are highlighted.

3.1 Suspension of monetary bonuses for pensioners

According to the Government Resolution No. 210 dated May 20, 2026, amendments were made to the "Regulations on Granting Monetary Bonuses to Civil Servants."

Under this amendment, citizens who have been granted old-age or military pensions and are re-employed at state administrative bodies will no longer receive monetary bonuses, as reflected in Section 5.2 of the Regulations.

This resolution discontinues the granting of additional bonuses to pensioners working a second term at government agencies and may be viewed as a decision aligned with policies to reduce public service expenditure and support younger personnel.

3.2 Economic freedom policy "12 liberalization decisions"

In its first month in office, the Government led by Prime Minister N.Uchral approved 12 decisions under the "Liberalize" policy, marking the beginning of an economic freedom policy.

Notable measures include unblocking the frozen accounts of 12,153 companies with tax debts and cancelling over 7,300 inspections in 2026 other than health and environmental oversight.

3.3 Approving coordinates and granting rights for mineral exploration areas

By Government Resolution No. 193 dated May 13, 2026, the coordinates of a mineral exploration area located in Saikhan and Orkhon sum of Selenge Province were approved, and the right to explore minerals in that area was granted to Erdenes Mongol LLC, which is State Owner Enterprise.

This decision is aimed at expanding the exploration activities of the state-owned mining company, identifying new mineral reserves, and studying possibilities for future exploitation. It is also one of the measures being implemented under the policy of increasing state-involved exploration projects in Mongolia's mining sector.

3.5 On reducing fuel and energy dependency

By Government Resolution No. 160 dated April 29, 2026, it was decided to implement comprehensive measures to reduce Mongolia's dependence on imported fuel and energy, increase the use of renewable energy, and intensify green development policy.

This resolution is a major policy measure being implemented to increase private investment in Mongolia's energy sector, accelerate renewable energy projects, and develop electric vehicle infrastructure. It creates new opportunities for domestic and foreign investors operating in the energy, infrastructure, mining, and green technology sectors.

IV. SUMMARY OF THE SUPREME COURT DECISION

4.1. No immovable property tax on incomplete buildings

Supreme Court Decision No.001 dated 14 April 2026 held that there is no legal basis for imposing immovable property tax on a building that has not been completed and commissioned for use.

In this case, the tax authority assessed immovable property tax on a building that was 73% complete. The Court found that:

- The legal basis for the taxation must be expressly provided by law;
- The Law on Immovable Property Tax does not reflect the legislator's intent to tax unfinished buildings;
- Registration of ownership rights in the State Registration Authority alone does not constitute sufficient grounds for imposing immovable property tax; and
- Tax liability arises only when the building is fully completed, commissioned, and capable of being used for its intended purpose.

Accordingly, the Court declared the tax assessment unlawful.

Practical significance: This decision provides important guidance on the interpretation of Mongolia's tax legislation, confirming that unfinished and non-operational buildings are not subject to immovable property tax.

4.2. Retroactive application of newly created rights

The Supreme Court considered on April 8, 2026 a case related to the emotional damage suffered by a minor victim of a rape crime.

The lower courts had ordered the defendant to compensate the victim for psychological harm equal to 14,000,000 tugriks caused by a criminal offence. However, the Supreme Court set aside this part of the judgment.

The Court reasoned that the right to monetary compensation for emotional damage was introduced as a new substantive legal institution in 2022 and became effective on 1 July 2023. Therefore, it cannot be applied retroactively to legal relationships that arose before its entry into force.

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