

LEGAL NEWSLETTER

15th of June 2026

№64

AKP Law Firm

We are presenting the notable Government resolutions approved and notable laws, resolutions, and decisions discussed in first half of June 2026.

I. LEGISLATION

1.1 Law on Improving the Utilization and Efficiency of Foreign Loans

The Law on Improving the Utilization and Efficiency of Foreign Loans was enacted on May 26, 2026. This law, which we previously reported on as a bill, contains provisions governing the implementation of major strategic infrastructure projects, including the construction of an oil refinery capable of meeting 55% of Mongolia's domestic petroleum demand, and the construction of the Erdeneburen hydropower plant through foreign loan financing.

1.2 Law on the Legal Status of Cities and Villages

The Parliament of Mongolia adopted this Law on 5 June 2024, with effect from 1 June 2026. The Law establishes a revised framework for the governance structure, functions, jurisdictional classification, and financial foundations of the capital city, national-level and local-level cities, and villages. Cities are recognized as public legal entities with their own council and governor, independent budget, property, land holdings, and the authority to set local taxes. National-level cities are required to have a minimum population of 100,000, while local-level cities must have at least 30,000 residents. Both the City Council and the Governor are elected by the residents of the respective city and serve four-year terms.

1.3 Law on City Tax

Adopted on the same date, this Law introduces a city tax of 0–2% across the capital and all classified cities. The tax applies to purchasers of all types of alcoholic beverages, tobacco and tobacco products, as well as to recipients of services provided by hotels, resorts, restaurants, bars, car wash facilities,

and auto service providers. The applicable tax rate is determined by the City Council of each city, taking into account location and population density. The seller is obligated to withhold the tax at the time of each transaction and remit it to the relevant budget by the 10th day of the following month.

1.4 Ratification of Agreement

Upon submission by the Government of Mongolia, the agreement between the Government of Mongolia and the Government of the Russian Federation on the supply of aviation fuel to Mongolia, concluded on September 3, 2024, was ratified on May 28, 2026.

II. STATE GREAT KHURAL: NOTABLE RESOLUTIONS

2.1 Returned Bills

By Resolution No. 21 of May 22, 2026, the State Great Khural returned the bill on amendments to the Value Added Tax Law to the Standing Committee. By Resolution No. 24 of May 29, 2026, the bill on amendments to the National Wealth Fund Law was returned to the bill's sponsor.

2.2 Resolution on Addressing Systemic Violations in Criminal Proceedings and Ensuring Human Rights Guarantees

By Resolution No. 15 of 1 May 2026, the State Great Khural of Mongolia formally acknowledged that violations of human rights, excessive use of pre-trial detention, and other shortcomings in criminal proceedings constitute systemic, rather than isolated, failures. The Resolution directed the Government to halt interrogations conducted without legal counsel, restrict the use of pre-trial detention, and ensure the implementation of provisions excluding evidence obtained through torture from criminal proceedings. The Government was further tasked with submitting draft legislation to the autumn 2026 regular session of the State Great Khural covering the strengthening of judicial oversight over investigations, ensuring equality of

arms between prosecutors and defense counsel, and the establishment of an independent unit to investigate crimes committed against the administration of criminal justice.

III. GOVERNMENT: NOTABLE RESOLUTIONS:

A total of 10 Government resolutions were adopted in the first two weeks of June 2026, of which the following are highlighted.

3.1 Ulaanbaatar Placed on Heightened Alert Status

By Resolution No. 235 of June 3, 2026, the Government of Mongolia placed the energy sector and administrative bodies of Ulaanbaatar city on heightened alert status until February 28, 2027. The grounds are twofold: air pollutant concentrations have exceeded the permissible limits set by applicable standards, and the risk of energy capacity shortfalls during peak winter demand has increased.

Under the resolution, the Governor of the Capital City has assumed responsibility for overseeing the supply, quality and standards of semi-coke fuel for households in air quality improvement zones, while the Minister of Energy is to approve and implement an energy sector action plan. Oversight of the resolution's implementation is assigned to the Head of the Cabinet Secretariat.

The resolution is grounded in the relevant provisions of the Law on Disaster Protection and the Law on Air, and the heightened alert status will remain in effect through spring 2027.

3.2 Government Services for Legal Entities to be Consolidated on e-business.mn

By Resolution No. 233 of June 3, 2026, the Government of Mongolia instructed the relevant ministries, agencies, and local administrations to fully transition the delivery of government services to legal entities to the unified Government Service System (e-business.mn).

Under the resolution, the Ministry of Justice and Home Affairs and the Ministry of Digital Development and Communications have been tasked with creating the conditions to receive and process applications for the establishment and dissolution of legal entities through e-business.mn. The updated version 2.0 of the system is scheduled for launch in June 2026.

This transition represents a significant step in moving company registration, operating license applications, and related administrative processes to a fully digital format in Mongolia.

IV. ULAANBAATAR GOVERNOR'S ORDER

4.1 New Construction Safety Regulations Approved for Ulaanbaatar

On 27 April 2026, the Governor of Ulaanbaatar city issued Order No. A/623 approving the "Regulations on Occupational Safety in Construction Works in the Capital City." All individuals and legal entities engaged in construction activities within Ulaanbaatar are required to comply with these Regulations. The Ulaanbaatar City Inspection Department and the Labor and Social Welfare Service Divisions of the respective district administrations are responsible for monitoring compliance.

The Regulations set out detailed occupational health and safety requirements covering the organization of construction works, pre-construction preparations, the conduct of works during execution, and the demolition of structures and buildings.

ALISON & KATE PARTNERS

Хаяг: Улаанбаатар хот, Сүхбаатар дүүрэг,
1-р хороо, Олимпийн гудамж, Centrum Office, 3
давхар, 301/а
Web: www.akp.mn
E-mail: contact@akp.mn
Tel: 7704-1414, 8013-0414