

CUSTOMS LAW OF MONGOLIA

16 May, 1996
Ulaanbaatar

Chapter One

General Provisions

Article 1. Purpose of the Law

The purpose of this law shall be to regulate relations related to the determining the organisational structure and legal basis of customs, defining the procedures for customs control over and examination of goods and means of transport crossing the state frontiers of Mongolia as well as customs clearance procedures, and enforcement of the customs legislation by business entities, organisations and individuals.

Article 2. Customs Legislation of Mongolia

1. The customs legislation shall consist of the Constitution of Mongolia, this law, and other legislative acts enacted in conformity therewith.
2. If an international treaty to which Mongolia is a party establishes procedures different from those in this law, then the former shall prevail.

Article 3. Definitions

1. For the purposes of this law:
 - 1) "Customs territory" means the territory of Mongolia as determined for the purpose of customs control and examination. The territories of customs special zones and customs bonded zones are excluded from the customs territory with respect of trade restriction measures such as customs duties and other taxes, licenses, quota, etc;
 - 2) "Customs frontier" means the state frontier of Mongolia and the boundary line separating the customs territory and the territories of customs special zones and customs bonded zones established in the territory of Mongolia. For any customs office the outside border of a customs inspection place shall be considered to be the customs frontier at that particular point;
 - 3) "Customs route" means a route especially approved by the customs state central administrative body for the movement of goods and means of transport which are under customs control between the state frontier of Mongolia and the customs office for that frontier, as well as from one customs office to another;
 - 4) "crossing the customs frontier" means importation into, transit through, or export from the customs territory of goods or means of transport;
 - 5) "temporary crossing" means the crossing of the customs frontier by goods or means of transport provided that they return within one year or 6 months respectively;
 - 6) "goods" means any of the following which crosses the customs frontier: cargo, luggage, articles, currencies, securities, international postal items, electrical, thermal and all other energy, livestock, animals, plants, other movable property and means of transport other than those specified in sub-paragraph 7 of this paragraph;
 - 7) "means of transport" means all types of conveyance, including containers and carts which carry goods or passengers and which temporarily cross the customs frontier;
 - 8) "declarant" means any person who makes a declaration to customs with respect to any goods or means of transport crossing the customs frontier;
 - 9) "customs control" means measures applied by customs to ensure enforcement of, and compliance with, the customs legislation within the territory of Mongolia;
 - 10) "customs clearance" means customs formalities starting with the lodging of a customs declaration with respect to goods or means of transport crossing the customs frontier

and ending with the issue of a customs permit to release the goods or means of transport after completion of any necessary examination and payment of customs duties and other taxes;

- 11) "customs simplified procedures" means customs clearance of goods and means of transport crossing the customs frontier on the basis of completion of simple forms approved by customs in the place of all kinds of customs documentation that could be required;
- 12) "customs examination" means checking the correctness of customs documentation, physical examination of goods and means of transport against their customs documents, detailed inspection thereof, and search of places, warehouses, customs bonded zones, customs special zones and duty free shops where goods or means of transport are being stored as well as physical searches of individuals;
- 13) "prohibited goods" means goods prohibited from crossing the customs frontier under the legislation of Mongolia;
- 14) "restricted goods" means goods restricted from crossing the customs frontier by the legislation of Mongolia on the basis of both tariff and non-tariff restriction measures but does not include those goods specified in sub-paragraph 13 of this paragraph;
- 15) "frontier customs office" means a customs office operating at a border crossing point. A customs office operating at an international airport is deemed to be a frontier customs office;
- 16) "inland customs office" means a customs office other than that specified in sub-paragraph 15 of this paragraph;
- 17) "Mongolian goods" means home produced goods and, in exceptional cases, foreign produced goods cleared for home use;
- 18) "foreign goods" means goods other than those referred to in sub-paragraph 17 of this paragraph;
- 19) "customs bonded zone" means a customs bonded warehouse, a customs bonded manufacturing area and customs bonded exhibition and construction sites. */The words "customs designated warehouse" were excluded from this paragraph by Law of April 26, 2001/*
- 20) "bringing the goods under the customs inspection" means importation into, transit on, or export from the customs territory of goods that are prohibited from crossing the customs frontier of Mongolia by an international treaty of Mongolia or other agreements with customs bodies of other countries under the customs inspection in order to cut the illegal product turnover and to reveal the guilty body. */This subparagraph was added by Law of April 26, 2001/*

2. Other terms used in this law that shall be interpreted as having the same meaning as in the Customs Tariff Law of Mongolia.

Chapter Two

Customs Control

Article 4. Crossing the Customs Frontier By Goods And Means Of Transport

1. Goods and means of transport shall cross the state frontier of Mongolia through a border crossing point where there is a customs establishment and shall be subject to customs clearance.
2. If there is an unavoidable necessity for goods or means of transport to cross the state frontier of Mongolia through a border crossing point where there is no customs establishment, an advance written permission should be obtained from the customs state

central administrative body. In this case, the customs state central administrative body shall appoint a customs official(s) to the border crossing point for which the permission is given.

Article 5. Prohibition or Restriction on Goods Crossing the Customs Frontier

Upon the authorisation by the State Ih Hural of Mongolia, the Government of Mongolia may apply measures prohibiting or restricting certain goods from crossing the customs frontier. Any such decision of the Government of Mongolia shall specify the classification codes of the goods concerned.

Article 6. Periods for Which Goods or Means of Transport Are Subject to Customs Control

1. Goods or means of transport crossing the customs frontier shall be subject to customs control for the following periods:
 - 1) for goods cleared for home use — from the time they enter the territory of Mongolia until customs gives permission to import them into the customs territory;
 - 2) for goods or means of transport temporarily imported — from the time they enter the territory of Mongolia until customs gives permission to introduce them into the customs territory; and where they have already been introduced so without payment of customs duties and other taxes — from the time they enter the territory of Mongolia until they return through the customs frontier;
 - 3) for goods or means of transport in transit, where they are in the through transit — from the time they enter the territory of Mongolia until the frontier customs office at their point of exit gives permission for them to leave the territory of Mongolia; where they are in the inward transit — from the time they enter the territory of Mongolia until they arrive at the designated inland customs office; where they are in outward transit — from the time they are declared to the inland customs office until the frontier customs office at their point of exit gives permission for them to leave the territory of Mongolia; where they are in internal transit — from the time they leave the inland customs office of departure until they arrive at the inland customs office of destination;
 - 4) for goods transshipped — from the time they enter the territory of Mongolia until the time they leave the territory of Mongolia;
 - 5) for goods cleared for outright exportation — from the time they are declared to the customs until the frontier customs office gives permission for them to leave the territory of Mongolia;
 - 6) for goods or means of transport temporarily exported — from the time they are declared to the customs until the frontier customs office gives permission for them to leave the territory of Mongolia; where they have left the customs territory without payment of customs duties and other taxes (if applicable) — from the time they leave the territory of Mongolia until the time they return through the customs frontier.
2. Goods or means of transport shall be under customs control at all times while they are in a customs bonded zone or customs special zone.
3. Goods that enter duty free shops without payment of customs duties and other taxes shall be subject to customs control until they are taken out of the territory of Mongolia.
4. Goods and means of transport under customs control shall not be moved or disposed of without customs permission.

Article 7. Customs Inspection Place

1. For the purpose of clearing goods or means of transport crossing the customs frontier customs offices shall establish customs inspection places in the territories charged to them.

2. Goods shall remain in the customs inspection places for a period of up to 3 days after their arrival. When goods are not cleared within this period the customs shall require them to be moved into a customs designated warehouse. Expenses related to transfer of goods into, and storage in, a customs temporary warehouse shall be borne by the declarant. */This paragraph was amended by Law of April 26, 2001/*
3. The regulations on construction of customs inspection places, determination of their outside borders and regime shall be approved by the customs state central administrative body.

Article 71. Customs Temporary Warehouse

1. The customs territory shall have customs temporary warehouses.
2. Goods or means of transport under the customs control may be temporarily placed into a customs temporary warehouse.
3. Goods which have been placed in a customs temporary warehouse as well as the packaging and seals of such goods may not be altered without customs permission.
4. Goods or means of transport under customs control may, with the permission of customs, be stored in the warehouses of a carrier or their owner. In this case the goods or means of transport shall be considered as stored in a customs temporary warehouse.
5. No goods or means of transport shall stay in a customs temporary warehouse for a period of more than 2 months (perishable or hazardous goods—a week). Where necessary, the customs may extend once this period by up to one month (perishable or hazardous goods — a week). */This Article was added by Law of April 26, 2001/*

Article 8. Obligations of Carriers

1. In relation to goods crossing the customs frontier a carrier is obliged to:
 - 1) convey them to a designated customs office via a customs route without damaging the customs seals;
 - 2) stop the means of transport in a customs inspection place, and, at the permission from customs, to load, unload, transship and hand over goods to the declarant in a customs inspection place;
 - 3) in case of a force majeure event the journey shall be interrupted and the conveyance shall be stopped in a place other than a customs inspection place, to take precautions to prevent the unauthorised disposing of the goods and advise the relevant customs office to that effect;
 - 4) inform customs within 30 minutes of the goods or means of transport's arrival at the customs frontier, or in case it is a scheduled regular service — one hour prior to their crossing of the customs frontier;
 - 5) not to carry separately goods having one transport document while they are under customs control;
 - 6) provide customs with all information necessary for inspection of the means of transport and afford expert assistance to a State Customs Inspector by having own representative present;
 - 7) where the customs examination is being carried out on board the means of transport while in motion, provide State Customs Inspector(s) with the working conditions required and carry him/them on board the given means of transport free of charge.

Article 9. Customs Entrusted Carrier

1. For the purpose of carrying goods under customs control from one customs office to another a customs entrusted carrier may be employed.

2. The regulations on operation of the customs entrusted carrier shall be approved by the customs state central administrative body. */The words "licensing and its" were excluded by Law of November 30, 2001/*

Chapter Three

Customs Clearance

Article 10. Customs Documentation

1. The principal document for customs clearance of goods shall be the Goods declaration form. The Goods declaration form may be made according to the form approved and printed by the customs state central administrative body either in writing or via the electronic information exchange network.
2. Where necessary, customs may require the declarant to produce to customs the foreign trade contract, invoice, transport document, packing list, certificate of origin, customs duties and other taxes payment slip, bank security, licenses or like documents issued by the competent authorities.

Article 11. Declaration of Goods and Means of Transport to Customs

1. A declarant shall submit to customs proper customs documents for goods or means of transport crossing the customs frontier, to be present in person during the customs examination and pay customs duties, other taxes and fees.
2. The possessor of the goods or means of transport may, on the basis of a business contract, be represented by a customs broker for the purpose of customs clearance of goods or means of transport. In this case the customs broker shall be considered to be the declarant. Regulations on the operation of the customs broker shall be approved by the customs state central administrative body. */The words "licensing and its" were excluded by Law of November 30, 2001/*
3. A declarant shall execute customs documents in the Mongolian language. Where necessary, customs may obtain a translated copy of supporting documents.
4. Travellers and crew members of the means of transport shall declare their personal effects according to the form approved and printed by the customs state central administrative body.

Article 12. Customs Clearance Procedures

1. Any goods or means of transport which are intended to cross a customs frontier shall be placed under an applicable customs clearance procedure specified in Articles 13 through 30 of this law.
2. The choice between the various customs clearance procedures shall be left to the declarant.
3. Regulations on application of each customs clearance procedure shall be approved by the customs state central administrative body.
4. The amount of customs clearance charges shall be fixed by the customs state central administrative body.

Article 13. Clearance for Home Use

Under this procedure foreign goods shall be imported into the customs territory on the basis of customs documents and after levying paying of customs duties and other taxes.

Article 14. Temporary Admission into the Customs Territory of Goods and Means of Transport

1. Under this procedure foreign goods or means of transport may be introduced into the customs territory on the basis of customs documents, without altering and after levying

and paying of applicable customs duties and other taxes, under the condition of their timely return.

2. Where necessary, the customs state central administrative body may extend once the term of return of goods or a means of transport introduced into the customs territory in accordance with paragraph 1 above by up to 6 months.
3. Goods or means of transport temporarily admitted into the customs territory may not, during the specified period, be used for any purposes other than the authorised ones or undergo any alteration other than their normal depreciation.

Article 15. Inward processing

1. Under this procedure foreign goods may be introduced into the customs territory for processing, repair or manufacturing on the basis of foreign customs documents and after levying and payment of any applicable customs duties and other taxes under the condition of their timely return.
2. Where necessary, the customs state central administrative body may extend once the term of return of goods introduced into the customs territory in accordance with paragraph 1 above by up to 6 months.

Article 16. Re-importation

Under this procedure Mongolian goods may be re-imported into the customs territory on the basis of customs documents and without payment of customs duties and other taxes where they are proved to be home produced.

Article 17. Customs transit

1. Under this procedure goods or means of transport shall move in the same state from one customs office to another via the customs route, within specified time and without payment of Customs duties and other taxes.
2. To move goods from one customs office to another in accordance with paragraph 1 above a designated means of transport with sealed loading compartment facilities shall be used.
3. Where necessary for the transit of goods or a means of transport in the customs territory customs may obtain from the relevant agency a guarantee of payment of customs duties and other taxes.

Article 18. Transshipment

1. Under this procedure goods are transferred from the importing means of transport to the exporting means of transport within the customs inspection place of a customs office and returned through the customs frontier on the basis of customs documents without payment of customs duties and other taxes and are exported.
2. Where necessary for transshipment of goods customs may obtain from the relevant agency a guarantee of payment of customs duties and other taxes.

Article 19. Outright export

Under this procedure Mongolian goods are exported abroad from the customs territory on the basis of customs documents and, where necessary, after levying and payment of any customs duties and other taxes.

Article 20. Temporary export

1. Under this procedure Mongolian goods or means of transport leave the customs territory on the basis of customs documents under condition of return without alteration, under a guarantee of payment of customs duties and other taxes by the relevant agency.

2. Where necessary, the customs state central administrative body may extend once by up to 6 months in accordance with paragraph 1 above the term of return of goods or means of transport that have left the customs territory.
3. Goods or means of transport that have temporarily left the customs territory shall not, during the respective period, be used for any purposes other than the authorised ones or undergo any alteration other than their normal depreciation.

Article 21. Outward processing

1. Under this procedure Mongolian goods leave the customs territory for processing, repair or manufacturing abroad on the basis of customs documents and provision of a guarantee by the appropriate agency to ensure the payment of customs duties and other taxes provided that they return back in time.
2. Where necessary, the customs state central administrative body may extend once by up to 6 months in accordance with paragraph 1 above the term of return of goods or means of transport that have left the customs territory.

Article 22. Re-export

1. Under this procedure foreign goods are re-exported from the customs territory on the basis of customs documents and without payment of customs duties and other taxes where they are proved to be produced abroad.
2. Where the foreign goods cleared for home use return back through the customs frontier the respective customs duties and other taxes paid shall not be refunded.

/Article 23 was repealed by Law of April 26, 2001/

Article 24. Customs Bonded Warehouse

1. For the purposes of creating opportunities for market exploration and giving time for the preparation of customs documents and payment of customs duties and other taxes or their collection, goods may be deposited in a customs bonded warehouse established in the customs territory.
2. The following operations shall be permitted in customs bonded warehouses:
 - 1) inspection of goods;
 - 2) preserving and protection of goods;
 - 3) unpacking, sorting, packing and repackaging;
 - 4) repair and maintenance;
 - 5) simple processing;
 - 6) where necessary, taking samples into the customs territory against payment of customs duties and other taxes;
3. Goods shall be allowed to be stored in a customs bonded warehouse for up to 2 years. Where necessary, customs may extend once this period by up to one year.

Article 25. Customs Bonded Manufacturing Area

1. Customs bonded manufacturing areas may be established in the customs territory for the purposes of promoting production in a particular field or industry of significance to the national economy or improving the competitiveness of specific brands.
2. The following operations shall be permitted in customs bonded manufacturing areas:
 - 1) inspection of goods;
 - 2) preserving and protection of goods;
 - 3) unpacking, sorting, packing and repackaging;
 - 4) repair and maintenance;

- 5) processing;
 - 6) manufacturing;
 - 7) where necessary, taking samples into the customs territory against payment of customs duties and other taxes;
 - 8) such other operations that are authorized by customs.
3. Goods shall be allowed to be stored in a customs bonded warehouse for up to 2 years. Where necessary, the customs may extend once this period by up to one year.

Article 26. Customs bonded exhibition site

1. Customs bonded exhibition sites may be established in the customs territory for the purposes of creating favourable opportunities to study and order advanced technology and equipment.
2. The following operations shall be permitted in customs bonded exhibition sites:
 - 1) inspection of goods;
 - 2) preserving and protection of goods;
 - 3) unpacking, sorting, packing and repackaging;
 - 4) repair and maintenance;
 - 5) dismantling or assembling operations;
 - 6) display of goods;
 - 7) where necessary, taking samples into the customs territory against payment of customs duties and other taxes;
 - 8) such other operations that are authorized by customs.
3. Goods shall be allowed to be stored in a customs bonded warehouse for up to 2 years. Where necessary, the customs may extend once this period by up to one year.

Article 27. Customs Bonded Construction Site

1. Customs bonded construction sites may be established in the customs territory for the purposes of promoting construction of buildings and objects of strategic significance to the national economy using foreign materials and equipment.
2. The following operations shall be permitted at a customs bonded construction site:
 - 1) inspection of building materials;
 - 2) preserving of building materials;
 - 3) processing of building materials;
 - 4) construction works;
 - 5) such other operations that are authorized by the customs.
3. Goods may be stored at a customs bonded construction site until the building or object is put into full exploitation.
4. Unused goods or means of transport after the building or object is put into exploitation shall be disposed of in accordance with the customs legislation.

Article 28. Customs Special Zones

Customs special zones may be established in the customs territory for the purposes of strengthening the economic and social development of a particular region of Mongolia, the development of a specific field of endeavour, introduction of advanced technology and equipment to that effect, advancement of production, trade and services, or creation of most favourable conditions for investment.

Article 29. Duty Free Shop

Duty free shops may be opened in the customs territory to which goods not for use in the customs territory may be introduced without customs duty and sold under customs control at a price which does not include customs duties and other taxes.

Article 30. Destruction of Goods

Where goods under customs control which may be dangerous to public hygiene or health or environment because of being damaged or not meeting quality requirements are required to be destroyed according to the expert opinion of the relevant authorities, they shall be so destroyed by a way which is not detrimental to the environment, without payment of customs duties and other taxes and under customs control. When destroying the goods a declarant or, at his/her request, the owner of the goods may be present.

Article 31. Common Principles for Customs Bonded Zones, Customs Special Zones and Duty Free Shops

1. Customs bonded zones or duty free shops may be established in customs inspection places or customs special zones.
2. A customs bonded warehouse may be classified as a public, open to the public or as a private, for use by only one or more restricted number of business entities or organisations.
3. Goods or means of transport shall enter a customs bonded zone or a customs special zone only through the point where there is a customs establishment and on the basis of customs documents.
4. Where goods enter or leave a customs bonded zones or customs special zones directly from or to abroad and without crossing the customs territory, they may enjoy customs simplified procedures.
5. In clearance of goods entering or leaving a customs bonded zone or customs special zone the customs legislation and exchange rates effective on the date of their entry or exit, and the price and quantity of goods prevailing at that particular time shall be applied.
6. Foreign goods coming from abroad shall enter the customs bonded zones or the customs special zones without payment of customs duties while Mongolian goods from the customs territory shall enter them in compliance with the customs legislation. Where foreign goods cleared for home use enter a customs bonded zone or customs special zone, the customs duties and other taxes shall not be refunded.
7. Where goods enter or leave a customs bonded zone or customs special zone directly from or to abroad without crossing the customs territory, no guarantee of payment of customs duties and other taxes shall be required.
8. Goods prohibited from crossing the state frontier of Mongolia shall not enter a customs bonded zone or customs special zone.
9. For goods entering or leaving a customs bonded zone or customs special zone from or to abroad there shall be no restrictions other than those imposed on grounds of national security, morals, hygiene or health, or for veterinary or phytopathological considerations, or relating to trade marks, patents or copyright.
10. Goods that have entered or left a customs bonded zone or customs special zone may cross back over the borders of the customs bonded zone or the customs special zone on the basis of the previous goods declaration or simple forms. */This paragraph was edited by Law of November 30, 2001/*
11. The customs state central administrative body shall have the authority to issue, extend and cancel licenses for operation of a customs bonded warehouse or duty free shop as authorized by Government.
12. Customs bonded zones and bonded warehouse may be managed by the customs.

Article 32. Travellers' Personal Effects and Drugs

/The title of this Article has been amended by Law of April 19, 2002 and is effective May 20, 2002/

1. The procedure for customs clearance of travellers' personal effects shall be approved by the customs state central administrative body.

2. Based on the proposal of the state central administrative body in charge of health matters, the central customs body shall approve the procedures on the amount of drugs in the travellers' personal effects and taking it through border. /This paragraph was added by Law of April 19, 2002/

Article 33. International Postal Items

The procedure for customs clearance of international postal items shall be approved by the customs state central administrative body.

Chapter Four

Customs examination

Article 34. Customs Examination

1. Goods and means of transport crossing the customs frontier shall be subject to customs examination.
2. Customs examination shall be conducted in the customs inspection places. Where necessary, the customs examination may, at the expense of the declarant, be conducted at the declarant's office or at private premises that meet the technical requirements and are approved by customs. In this case such premises shall temporarily function as a customs inspection place.
3. The customs examination may be conducted on board a means of transport in motion.
4. Where mutually agreed, a customs examination may be conducted in the customs territory of a foreign country.
5. A customs examination may be repeated.

Article 34¹. Bringing the Goods Under Customs Inspection

1. In case of prohibited goods crossing the customs frontier, the customs is authorized to bring those goods under the customs inspection for the purpose of determining the relevant agency.
2. The Government shall approve the procedure on bringing the goods under the customs inspection. */This article was added by Law of April 26, 2001/*

Article 35. Examination of Customs Documents

Customs shall obtain from the declarant and check the customs documents against customs declaration in accordance with each customs clearance procedure.

Article 36. Examination of Goods and Means of Transport

1. Search equipment, appliances, search dogs and other devices may be used in examining any goods or means of transport.
2. Where necessary, in the course of a customs examination the customs may take a test or sample of any goods free of charge.

3. Customs shall complete the examination of a means of transport within its scheduled stop time which may be extended by the decision of the head of a customs inspection place where necessary.
4. The declarant shall only load, unload, unpack, repack goods or move any means of transport under customs examination with the customs permission.
5. Customs shall not bear any expenses or losses of the goods under customs examination connected with loading, unloading, storing or transshipping or those due to the delay of a means of transport connected with a customs examination.
6. Customs may employ expeditious clearance procedures for specific goods or means of transport that require special conditions, including urgent, hazardous or perishable goods.
7. Customs documents may be furnished with customs in advance.

Article 37. Search of Individuals

1. Any person crossing the customs frontier who is suspected of having concealed goods in or on his/her body shall be subjected to a search.
2. Provisions of paragraphs 2, 3 and 5 of Article 14 of the Administrative Code of Mongolia shall be followed in conduct of search of individuals.

Article 38. Involvement of Specialised Agencies Or Experts In Customs Examination

1. Where necessary, specialists or experts from specialised agencies may be involved in a customs examination.
2. Notwithstanding its ownership, the relevant agency is obliged to accept and perform any request by the customs for the involvement of that agency specialists or experts in a customs examination.
3. Where the specialists or experts involved in a customs examination are employed by a Government agency their salary shall be paid by that particular Government agency. Where they are employed by a private agency, their salary shall be paid by customs. Where there is no prior agreement relating to business travel expenses, the customs shall bear such expenses.

Article 39. Entry Into Warehouses and Premises

A State Customs Inspector may, on producing of his/her identification card, enter any warehouse or premises where goods or means of transport under customs control are stored and carry out any examination within his/her competence as permitted by the legislation.

Article 40. Provision of Information and Data

1. Customs may obtain from the relevant agencies to provide it with information or data relating to persons who are taking out or bringing in goods or means of transport across a customs frontier where that information is necessary for a customs examination of such persons.
2. Customs may obtain from the law enforcement and taxation authorities information or data related to customs examination and to cooperate with them and provide expert assistance on specific matters.

Article 41. Receiving and Confidentiality of Information

1. Customs shall receive, and where required, treat as confidential, any information related to an actually committed or attempted violation of the customs legislation and such information may be provided free of charge or for a price.
2. Documents and information provided by a declarant shall be used by customs only for customs purposes.

3. The regulations on acceptance of information shall be approved by the customs state central administrative body.

Article 42. Apprehension of Goods and Means of Transport

1. Customs may apprehend goods or means of transport where there is necessity for their thorough checking.
2. The goods or means of transport apprehended on the ground provided in paragraph 1 above shall be kept in a customs temporary warehouse. */This paragraph was amended by Law of April 26, 2001/*
3. Expenses incurred in connection with the apprehension of goods or a means of transport shall be borne by the declarant.

Article 43. Post-clearance Examination

Customs may, for the purposes of conducting a thorough check of the correctness of the declaration, enter the premises or warehouse or of any person who receives, possesses or disposes the respective goods or means of transport, carry out an inspection thereof and obtain necessary documents.

Article 44. Customs Sealing Up

1. Goods or means of transport under customs control shall be subject to customs sealing up. Customs sealing up may take any of the following forms: affixed seals or identification marks; line drawings; photographs; video recordings or other similar ways of identifying goods or means of transport.
2. A customs seal may only be broken by customs, or by a carrier or declarant at the customs' permission.
3. If due to a force majeure event, a customs seal is broken or damaged without the customs' permission, customs shall be informed immediately and documents proving the occurrence of such event shall be produced to customs.

Article 45. Regulations

Procedures for customs control and examination of goods or means of transport crossing the customs frontier shall be approved by the customs state central administrative body.

Chapter Five

Customs Statistical Data

Article 46. Customs Foreign Trade Statistical Data

1. Customs shall create and use the customs data base and network to cover the processes of collection, collation, registration, analysis and dissemination of statistical information on the goods crossing the customs frontier and shall compile customs statistical data on foreign trade.
2. Customs statistical data on foreign trade shall be compiled on the basis of goods declarations and according to the Harmonised Commodity Description and Coding System.
3. The methods for compilation of customs statistical data on foreign trade shall be approved by the customs state central administrative body jointly with the central statistical body.

Article 47. Customs Non-official Statistical Data

1. Customs shall compile customs non-official statistical data in accordance with regulations approved by the customs state central administrative body.
2. The procedure for collection, analysis, application and confidentiality of customs non-official statistical information shall be approved by the customs state central administrative body.

Chapter Six

The Customs

Article 48. Organisational Structure of Customs

1. Customs shall consist of the customs state central administrative body, affiliated customhouses and customs offices. The customhouses may have units and/or branches.
2. The regulation of the customs state central administrative body shall be established by Government of Mongolia and the organisational structure and rules of affiliated customhouses and customs offices shall be approved by the customs state central administrative body.
3. Customs may have affiliated units for training and research, press, statistics and data processing, service and supply, customs laboratory and detector dog training service.

Article 49. Customs Emblem

Customs shall have its own emblem. The design and rules for the use of the emblem shall be approved by the customs state central administrative body.

Article 50. Functions of Customs

Customs shall perform the following primary functions:

- 1) organize application and monitor enforcement of the customs legislation;
- 2) levy and collect customs duty and other taxes;
- 3) draw the customs statistical data; and
- 4) combat violations of the customs legislation.

Article 51. Principles of Operation of Customs

Customs in its operation shall be guided by the principles of the rule of law, respect the inviolable individual rights granted by law, and of direct subordination of the lower level customs to the higher level ones.

Article 52. Management of Customs and Its Powers

1. The Government of Mongolia shall appoint the Chief of the customs state central administrative body directly and Deputy Chief (s) upon the recommendation of the Chief of the customs state central administrative body.
2. The Chief of the customs state central administrative body shall, in addition to the powers of a State Customs Inspector, have the following powers:
 - 1) to manage and organise operation of customs in the territory of Mongolia;
 - 2) to issue directives enforceable in the territory of Mongolia pursuant to his/her powers under the customs legislation;
 - 3) to participate in customs policy-making and organise enforcement of tariff and non-tariff restrictions as well as of prohibition measures;
 - 4) to draft international treaties of Mongolia on customs matters, sign them as authorised by the Government, and ensure performance of the obligations under them;
 - 5) to take, in conformity with the customs legislation, measures for prevention and combat of customs violations;
 - 6) to manage and organise inquiry with regard to the customs violations;
 - 7) to receive applications and complaints and take decisions within his/her competence;
 - 8) to organise customs statistical data processing;
 - 9) to establish, reorganise and dissolve customhouses and customs offices, determine the territories of their competence;

10) to limit the competence of the subordinated customhouses and customs offices to certain categories of goods or means of transport or certain customs clearance procedures;

11) to appoint and release customs managerial and executive officers;

12) to grant and suspend the title of and impose disciplinary sanctions on State Customs Inspectors;

13) to spend customs budget and assets.

14) to defend customs' property rights and other legal interests in court or arbitration;

15) to review the correctness of levying and collection of customs duty and other taxes; and

16) to exercise such other powers that are conferred on him/her by law.

3. In the absence of the Chief of the customs state central administrative body his/her powers shall be exercised by the Deputy Chief.

Article 53. Customs Budget

1. Customs shall be financed from the state budget and the state shall provide economic guarantees of its functioning.

2. Municipalities and local administrative and territorial units shall provide customs units operating in their respective territories any land required, communications, electricity and heating without delay, as well as other conditions necessary for normal operation of the customs unit.

Article 54. Customs Development Fund

1. The Customs Development Fund shall be established separate from the customs budget for the purposes of rewarding customs staff, assisting with their social matters and improving customs' material resources.

2. The Government of Mongolia shall approve Regulations on the accumulation and spending of the resources of the Customs Development Fund.

3. Once a year the customs state central administrative body may make awards from the Customs Development Fund in favour of a State Customs Inspector who develops or uses a new or innovative method, detects a smuggler or an attempt to smuggle goods, reveals numerous violations, achieves exceptional success in investigating organised offenders, or makes a large contribution to Government revenue.

Article 55. Training, Information and Counselling on Customs Matters

Customs may conduct training, provide information and counselling for the purposes of training customs entrusted carriers and customs brokers and improving public awareness of customs matters, particularly of the matters related to the tariff and non-tariff foreign trade regulations and customs procedures.

Chapter Seven

State Customs Inspector, Probationer and Customs Entrusted Agent

Article 56. State Customs Inspector

1. A State Customs Inspector shall be a Mongolian citizen, who meets the requirements and criteria set forth in regulations approved by the customs state central administrative body and who, in accordance with the customs legislation of Mongolia, is authorised and charged with the duties to conduct customs control and examination.

2. A State Customs Inspector shall be a state special official.

3. The Chief of the customs state central administrative body shall be the Customs Chief Inspector (Customs Inspector General) of Mongolia.
4. A State Customs Inspector shall, when he/she is awarded the title of State Customs Inspector, take the following oath: "I, the State Customs Inspector, swear to devote myself to safeguarding the sovereignty and economic security of Mongolia, and when conducting Customs control and examination, to respect the law and justice, to strictly observe the Code of Conduct of State Customs Inspectors, not to be influenced by anyone, and should I break my oath, I shall be subject to a statutory punishment".

Article 57. Powers and Responsibilities of State Customs Inspector

1. A State Customs Inspector shall have the following powers:
 - 1) to conduct customs control and examination in accordance with this law;
 - 2) for the purpose of enforcing the customs legislation, to make demands to any citizen or official and ensure they abide by them;
 - 3) to enter premises or warehouses owned by any business entity or organization, to search and make up an inventory at those premises or warehouses, to check books and accounts of a business entity or organisation;
 - 4) to impose customs duties and other taxes, and demand producing of documents, obtain explanations and references related to customs control and examination;
 - 5) to withdraw temporarily or take copies of any documents or materials being evidence of the concealment of dutiable goods or means of transport from any business entity, organisation or individual who is a tax payer;
 - 6) while on his/her official duty, to enter the frontier forbidden zones adjacent to the state frontier of Mongolia.
2. A State Customs Inspector shall have the following responsibilities:
 - 1) while conducting customs control and examination to be vigilant, strictly protect the state, organisational or personal secrets and not to humiliate an individual's honour and dignity;
 - 2) while conducting customs control and examination not to violate rights and legitimate interests of the state, organisation or an individual, misuse or abuse his/her position;
 - 3) not to act in such a way as to harm the reputation of Customs or Customs employees; and
 - 4) to inform the relevant agencies or officials of actions (or omissions) which are in violation of the customs legislation.

Article 58. Activities Prohibited for State Customs Inspector

1. A State Customs Inspector is prohibited from the following:
 - 1) planning, organising or participating in strikes or other activities disrupting normal operations of state agencies;
 - 2) using his/her position to receive gifts, monetary remuneration, rewards, tips or loans from, or enjoying free or discounted services provided by other organisations or business entities or individuals, or to receive other illegal benefits thereby;
 - 3) holding simultaneously a full time position in a local self-governing body, business entity or other political or public organisation; or
 - 4) in his/her personal capacity, running, operating or acting as agent for any business entity or being a member of the governing board of or providing administrative services to such an entity.

Article 59. Legal Guarantees of State Customs Inspector

1. Where any state body intends to inspect a State Customs Inspector with regard to the performance of his/her official duties, for the purpose of not interfering with normal Customs operations, shall notify in advance the relevant customs managerial official.
2. Customs shall be prohibited from making a State Customs Inspector to perform duties or tasks not pertaining to his/her responsibilities provided by law.
3. A State Customs Inspector shall be entitled to the following allowances:
 - 1) in case of a temporary loss of working ability, the difference between his/her basic monthly salary and any allowance received during the sick leave;
 - 2) in case he/she becomes disabled, the difference between his/her basic monthly salary and disability pension;
 - 3) in case an orthopaedic is required, expenses for its purchase;
 - 4) in case of hospitalisation, any medical charges in excess of the health insurance;
 - 5) in case of is permanent loss of working ability, a lump-sum allowance equal to one annual basic annual salary; and
 - 6) in case he/she dies in connection with performing his/her official duties, a lump-sum allowance equal to three annual basic salary.
4. Family members of a State Customs Inspector posted at the state frontier of Mongolia shall in the first place be provided with employment or failing that shall be provided with their health and retirement insurances and shall, for the duration of any period of unemployment, be paid a salary based on current the minimum wage rate established by the Government.
5. A State Customs Inspector who is posted to the state frontier of Mongolia shall be entitled to a frontier cost-of-living supplementary allowance. Regulations on granting frontier cost-of-living supplementary allowances shall be established by the Government.
6. For the long-time and productive service in the customs employees shall be entitled to receive from the relevant customs office loans on favourable terms (or, where necessary, guarantees of loans) for any of the following purposes: building or buying a house or flat for personal use, purchasing household effects of prime necessity, for their own education arrangements or for the education of their dependent children
7. Allowances referred to in paragraph 3 above shall be paid from the State budget and such expenditures shall be reimbursed by the person responsible.

Article 60. Means Of Enforcement And Special Techniques

1. A State Customs Inspector may use the following means of enforcement and special techniques while performing his/her official duties:
 - 1) individual means of enforcement;
 - 2) special devices to force a means of transport to stop;
 - 3) self-defense means;
 - 4) sambo, karate, or other unarmed fighting special techniques; and
 - 5) search dogs.

Article 61. Use of Means of Enforcement and Special Techniques

1. A State Customs Inspector may use means of enforcement or special techniques in the following cases:
 - 1) an attack on a State Customs Inspector endangering his/her life or health;
 - 2) deliberate disobedience of or a forcible resistance to a lawful demand of a State Customs Inspector; or

- 3) delivering of any goods or means of transport under customs control, or which have been confiscated or taken as pledge, from one customs office to another or to any other relevant agency.
2. Special devices to force a means of transport to stop may be used where:
 - 1) moving without customs permission when the customs examination has not been completed; or
 - 2) a means of transport ran away from customs control or examination with the view of smuggling goods.
3. If, in the course of using special means or special techniques of force, any bodily injury is caused to an individual, a State Customs Inspector must ensure that medical assistance is provided promptly and that the head of the Customs office is informed, and the latter shall promptly inform the prosecutor.

Article 62. List of Means of Enforcement and Instructions of Their Use

A list of the means of enforcement and instructions of their use shall be approved by the Chief of the customs state central administrative body upon consultation with the Prosecutor-General.

Article 63. Classification of Posts Held by State Customs Inspectors

1. The posts held by State Customs Inspectors shall be classified as follows:
 - 1) leading officer;
 - 2) principal officer;
 - 3) senior officer;
 - 4) executive officer; and
 - 5) assistant officer.
2. The post of leading officer shall be held by the Chief of the customs state central administrative body.
3. The post(s) of principal officer shall be held by the Deputy Chief of the customs state central administrative body.
4. The posts of senior officer shall be held by heads of divisions of the customs state central administrative body and directors of customhouses.
5. The posts of executive officers shall be held by senior officers of the customs state central administrative body, heads of units or centres of the customs state central administrative body, deputy heads of customhouses and heads of customs offices, customs units or branches.
6. The post of assistant officer shall be held by all other State Customs Inspectors.

Article 64. Ranks of State Customs Inspectors

1. Each post of leading, principal, senior, executive and assistant officer shall have ranks of first, second, third and fourth grades.
2. The ranks to the leading officers shall be granted by the President of Mongolia; rank(s) for principal officer(s) — by the Prime-Minister of Mongolia; and ranks for senior, executive and assistant officers — by the customs state central administrative body.
3. In granting ranks, the length of service for the Government and in the particular post and the qualification level of the officer shall be taken into consideration.
4. The regulations on granting ranks and the amount of subsistence allowances to State Customs Inspectors shall be approved by the Government.

Article 65. Honours of State Customs Inspector

1. The following honours may be awarded to a State Customs Inspector:

- 1) Customs Real Counsel;
 - 2) Customs Entrusted Counsel; and
 - 3) Customs Counsel.
2. The Customs state central administrative body shall approve Regulations on awarding honours and establish the amount of honour additional pays.

Article 66. Salary of State Customs Inspector

1. A State Customs Inspector shall be paid by the Government for exercising his/her official duties.
2. Salary of a State Customs Inspector shall consist of the basic salary for the particular office and additional pays for special conditions of work, length of service for Government, rank, honour and scientific degree.
3. Regulations on granting and the amount of additional pays to a State Customs Inspector for special conditions of work, length of service for Government and scientific degree shall be established by the Government.

Article 67. Uniform And Badge

1. A State Customs Inspector shall be provided with a uniform and badge free of charge.
2. Regulations on the standard design and wearing of the uniform and badges of a State Customs Inspector shall be approved by the customs state central administrative body.
3. No other bodies or individuals shall be permitted to use uniform or badges of the same design as those of a State Customs Inspector.

Article 68. Disciplinary Sanctions Imposed On The State Customs Inspectors

1. A State Customs Inspector who has violated the customs legislation or his/her oath shall be subject to the following disciplinary sanctions depending on the nature of his/her breach committed:
 - 1) warning;
 - 2) demotion in rank for a period of up to 1 year;
 - 3) demotion in a position for a period of up to 3 months;
 - 4) deprivation of the title of State Customs Inspector; or
 - 5) removal from the customs service.
2. The rules on special disciplinary sanctions to be imposed on the State Customs Inspectors shall be established by the Government of Mongolia.

Article 69. Removal From Customs Service

A State Customs Inspector shall be removed from the customs service in the following cases:

- 1) a repeated violation of the customs legislation;
 - 2) a serious violation of the customs legislation or the Code of Conduct of State Customs Inspectors;
 - 3) commission of a criminal offence by the State Customs Inspector has been proved;
- or
- 4) ceasing of the Mongolian citizenship.

Article 70. Probationer and Customs Entrusted Agent

1. Probationer shall be a customs employee who is practising in customs work for a period of not more than one year before having been granted the title of State Customs Inspector.
2. A probationer is not entitled to conduct customs control and examination by him/herself.
3. A probationer shall wear badges while performing his/her official duties.
4. Where necessary, the customs may employ a customs entrusted agent in the respective territory attached to a business entity or organisation located in that territory. The

regulations on employing a customs entrusted agent shall be approved by the customs state central administrative body.

Chapter Eight

Customs Violations and Penalties

Article 71. Smuggling or Attempted Smuggling of Goods or Means Of Transport

1. Where smuggling or attempted smuggling of goods or means of transport is not to be subjected to criminal liability, an individual shall be imposed a fine of 5,000 to 25,000 togrogs; a business entity or an organisations of 20,000 to 100,000 togrogs respectively, the goods concerned shall be confiscated, in case of impossibility of their confiscation a sum equal to their price shall be collected.
2. Where smuggling or attempted smuggling of restricted goods is not to be subjected to criminal liability, an individual shall be imposed a fine of 10,000 to 25,000 togrogs; a business entity or an organisations of 30,000 to 150,000 togrogs respectively, the goods concerned shall be confiscated, in case of impossibility of their confiscation a sum equal to their price shall be collected.

Article 72. Smuggling of Prohibited Goods

Smuggling or attempted smuggling of prohibited goods which is not to be subjected to criminal liability, shall be subject to a fine of 20,000 to 50,000 togrogs in case of an individual; and a 50,000 to 250,000 togrogs in case of business entity or an organisations respectively, the goods concerned shall be confiscated, in case of impossibility of their confiscation a sum equal to their price shall be collected.

Article 73. Use of Means of Transport As a Place of Concealment

1. Where a person is found to be guilty of deliberate equipping means of transport for using it as a place of concealment with the view of smuggling, means of transport of such a person shall be confiscated, or in case of impossibility of confiscation a sum equal to its price shall be collected. */This paragraph was added by Law of April 26, 2001/*
2. A means of transport owned by a person found guilty of using it as a place of concealment with the view of smuggling by deliberately equipping it with the view of smuggling shall be confiscated, or if it is not possible, then a sum equal to its price shall be collected. */Number of this paragraph was changed by Law of April 26, 2001/*

Article 74. Non-compliance With Rules of Declaration

Non-compliance with declaration requirements shall be subject to a fine of 5,000 to 25,000 togrogs.

Article 75. Moving Goods Under Customs Control Without Permission

1. Moving, loading, unloading or transshipping goods under customs control without the customs' permission shall be subject to a fine, of 5,000 to 25,000 togrogs in case of an individual and of 20,000 to 100,000 togrogs in case of a business entity or organisation respectively.
2. An employee or an official who has released goods under customs control without of customs' permission shall be subject to a fine of 5,000 to 25,000 togrogs with payment of customs duty and other taxes due with respect of the goods concerned.

Article 76. Failure of a Carrier to Perform Its Obligations

Failure of a carrier to perform its obligations under sub-paragraphs 1, 3, 4 and 5 of paragraph 1 of article 8 of this law shall be subject to a fine of 20,000 to 100,000 togrogs.

Article 77. Breaking of Customs Seal or Alteration of Identification Marks

Alteration of identification marks of goods being under customs control or intentional damaging or erasing of customs seal without the permission of customs shall be subject to a fine, of 5,000 to 25,000 togrogs in case of individuals, and of 30,000 to 150,000 togrogs in case of business entities or organizations respectively.

Article 78. Violation of Customs Inspection Place Regime

Violation of customs inspection place regime, if it is not related to the smuggling of goods or a means of transport, shall be subject to a fine in of 5,000 to 25,000 togrogs in case of individuals, and of 20,000 to 100,000 togrogs in case of business entities or organisations respectively.

Article 79. Violation of Customs Clearance Procedures

1. Violation of the customs clearance procedures set forth in Articles 13 through 30 of this law shall be subject to a fine of 5,000 to 25,000 togrogs in case of individuals, and of 20,000 to 100,000 togrogs in case of business entities or organisations respectively.

2. Failure to return within the fixed time of the goods or a means of transport temporarily crossing the customs frontier shall be subject to payment of the customs duty and other taxes due as provided in the customs legislation at the exchange rate effective at the time of expiration of the time for return of the goods and such duties and taxes shall be calculated based on the price and quantity of goods or means of transport prevailing at such time, and to a fine in the amount referred to in paragraph 1 above.

3. Loss or destruction of goods or a means of transport which have entered a customs bonded zone or customs special zone without the of customs' permission shall be subject to payment of the customs duty and other taxes due as provided in the customs legislation at the exchange rate effective at the time when such loss or destruction occurred and such duties and taxes shall be calculated based on the price and quantity of goods or means of transport prevailing at such time and to a fine in the amount referred to in paragraph 1 above.

Article 80. Non-compliance With Lawful Demand of a State Customs Inspector

1. Disobedience of a lawful demand of a State Customs Inspector made in connection with performance of his/her official duties, or failure to obey them in time shall be subject to a fine of 5,000 to 25,000 togrogs in case of individuals, and of 20,000 to 100,000 togrogs in case of business entities or organisations.

2. Insult, slander, threat or violence towards a State Customs Inspector while he/she is on his/her official duties, if it is not to be subjected to criminal liability shall be subject to a fine of 10,000 to 50,000 togrogs or arrest for 15 to 30 days by a judge's decree.

Article 81. Forgery

Forgery of customs documents by an official by misuse of his/her position, if it is not to be subjected to criminal liability shall be subject to a fine of 10,000 to 50,000 togrogs.

Article 82. Evasion From Payment of Customs Duty and Other Taxes

Evasion from payment of customs duty and other taxes by way of intentional under-value or misdescription of dutiable goods, false declaration of applicable customs clearance procedure or commodity classification codes, if it is not to be subjected to criminal liability the Customs duty and other taxes payable shall be subject to payment of Customs duty and other taxes and a fine equal to the amount of duties and taxes so paid.

Article 83. Failure to Pay Duties and Taxes In Time

Failure to pay customs duties and other taxes within the prescribed time shall be subject to a fine equal to 0.3 percent of the total amount of the duties and taxes that have not been paid for each day of such delay.

Article 84. Blocking Bank Accounts and Arrest of Property

Upon the decision of the chief of a customhouse or the head of a customs office the price of any goods or means of transport referred to in Articles 71 through 73 as well as the taxes and fines referred to in Articles 82 and 83 may be deducted from the bank account of the individual, business entity or organisation concerned without any remedy, or his/her bank accounts may be blocked, or his/her property of a value equal to the amount due to Customs may be arrested. */This article was amended by Law of April 26, 2001/*

Article 85. Consideration of Customs Violations

1. In considering customs violations referred to in this law, this law, the Administrative Code of Mongolia and other legislative acts enacted in conformity therewith shall be followed.
2. Where a person has committed two or more customs violations, a fine shall be imposed without absorbing the lighter fine by a harder one.

Article 86. Officials Having Power to Impose Sanctions

1. The power to impose a fine or confiscation of property, goods or means of transport shall be exercised by a decision of a State Customs Inspector, and arrest by judge's ruling respectively.
2. The form of decision of a State Customs Inspector shall be approved by the customs state central administrative body.

Chapter Nine

Settlement of Matters Concerning Goods or Means of Transport Confiscated or Apprehended

Article 87. Goods or means of transport confiscated

1. Goods or means of transport which are confiscated pursuant to this law or the Criminal Code for violation of the customs legislation or which are abandoned by a declarant during customs clearance shall be sold by customs. The procedure for spending the proceeds from such sales and transfer of them into the state budget shall be adopted by the Government.
2. Where the goods or means of transport confiscated for violation of the customs legislation are proved not to have been connected to the customs violation by a decision of the customs state central administrative body or court, they shall be returned, or if it is impossible to return them, the amount for which they were sold shall be reimbursed by customs.

Article 88. Goods Or Means Of Transport Stored In Customs Temporary

Warehouse */The title above was amended by Law of April 26, 2001/*

1. Where a declarant or an owner fails to take goods or means of transport kept in a customs temporary warehouse within the time limit set by paragraph 5 of Article 23 of this law, Customs shall sell them. */This paragraph was amended by Law of April 26, 2001/*
2. The price of goods or means of transport which is disposed as provided in paragraph 1 above may, at request of the declarant or owner made within a year of such sale, be paid back less any deductions as provided for in the applicable legislation.

Chapter Ten

Appeal From Decisions of State Customs Inspector; Inquiry

Article 89. Appeal From Decisions of State Customs Inspector

1. Where a person deems the decision of a State Customs Inspector not well-founded he/she may appeal within 10 days of receipt of such decision in the following procedures:
 - 1) in respect of a decision of a State Customs Inspector, to the head of the appropriate customs branch, unit or customs office or the chief of the customhouse concerned;
 - 2) in respect of a decision of the head of customs branch, unit or customs office or the director of a customhouse, to the appropriate customs officer of the next level of authority.
2. In case of disagreement with the decision of the relevant higher-level official regarding the appeal it may be complained against to court.

Article 90. Inquiry

1. Where a violation of customs legislation constitutes a criminal offence, the State Customs Inspector detecting such violation shall prepare an inspection report and refer it to an official authorised to conduct inquiry.
2. The authority to conduct inquiry shall be granted to customs officials by a decision of the Chief of the customs state central administrative body.

Chapter Eleven

Final Provision

Article 91. Entry Into Force of the Law

This law shall enter into force on 1 July, 1996.

N. Bagabandi

Chairman of the State Ih Hural of Mongolia