

3. For the purposes of subparagraph (a) of paragraph 1, tax payable in Mongolia by a company which is a resident of Canada in respect of profits attributable to manufacturing activities or to the exploration or exploitation of natural resources carried on by it in Mongolia shall be deemed to include any amount which would have been payable thereon as Mongolian tax for any year but for an exemption from, or reduction of, tax granted for that year or any part thereof under specific provisions of Mongolian legislation and provided always that the competent authority of Mongolia has certified that any such exemption from or reduction of Mongolian tax given under these provisions has been granted in order to promote economic development in Mongolia. Canada will only provide relief from Canadian tax by virtue of this paragraph for profits for taxation years beginning after the date on which the Convention entered into force and ending within three years of that date.

4. For the purposes of this Article, profits, income or gains of a resident of a Contracting State that may be taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other State.