

## POSSESSORY INTEREST TAX (PIT)

### Who must pay the tax?

Any person or entity owning Possessory interest in a lease granted by the Navajo Nation with a value of more than \$100,000.

### When is the tax due?

The value of Possessory interest is assessed annually on January 1. The tax due, from this assessment, is payable in two installments, one-half on November 1, and the other one-half on May 1 of the following year.

### Who or what is exempt or excluded?

Exemptions from the Possessory Interest Tax include:

- Federal Government
- Navajo Nation Government and its wholly owned subdivisions or enterprises
- Possessory Interest valued at less than \$100,000.

Also, the value of leasehold improvements, such as equipment, are excluded from determining the value of Possessory interest.

### What is taxed?

The Possessory Interest Tax is imposed on the Possessory interest or property rights under a lease granted by the Navajo Nation, including rights to the lease premises and underlying natural resources.

### What is the tax rate?

The tax rate is 3% of the value of Possessory interest or property rights.

### Other requirements

Each owner of a Possessory interest must designate and provide the mailing address of a person for the purpose of notice. Such written designations must be filed with the Office of the Director on or before the filing date of April 1, 2013. For *business site leases*, the filing date is May 15, 2013.

Each owner must file a declaration of its ownership in any lease on or before April 1, following each assessment date (January 1).

Failure to file or act in accordance with certain provisions of the PIT may result in imposition of fines, interest charges and other penalties.