

**STANDARDS FOR
FIRST NATION PROPERTY TRANSFER TAX LAWS, 2014**

[Consolidated to 2019-03-27]

**PART I
PREAMBLE**

WHEREAS:

- A. Section 35 of the *First Nations Fiscal Management Act* gives the First Nations Tax Commission the authority to establish standards respecting the form and content of First Nation local revenue laws enacted under subsection 5(1) of the Act;
- B. Standards are established by the Commission to further the policy objectives of the Commission and the Act, including to ensure the integrity of the First Nations property taxation system and to assist First Nations to achieve economic growth through the generation of stable local revenues; and
- C. Section 31 of the Act requires the Commission to review every local revenue law and subsection 5(2) of the Act provides that such a law has no force and effect until it is reviewed and approved by the Commission.

**PART II
PURPOSE**

These Standards set out the requirements that must be met for First Nation property transfer tax laws enacted under subsection 5(1) of the Act. These Standards are used by the Commission in its review and approval of First Nations' property taxation laws, pursuant to section 31 of the Act. The requirements established in these Standards are in addition to those requirements set out in the Act.

The Commission recognizes that each First Nation's property taxation system operates within the broader context of its fiscal relationships with other governments. These Standards are intended to support a more comprehensive First Nation fiscal framework within Canada.

**PART III
AUTHORITY AND PUBLICATION**

These Standards are established under subsection 35(1) of the Act and are published in the *First Nations Gazette* as required by subsection 34(1) of the Act.

**PART IV
APPLICATION**

These Standards apply to every property transfer tax law submitted to the Commission for approval under the Act.

**PART V
CITATION**

These Standards may be cited as the *Standards for First Nation Property Transfer Tax Laws, 2014*.

**PART VI
DEFINITIONS**

In these Standards:

“Act” means the *First Nations Fiscal Management Act*, S.C. 2005, c. 9, and the regulations enacted under that Act;

“administrator” means a person appointed by Council to administer and enforce a Law;

“Commission” means the First Nations Tax Commission established under the Act;

“Council” has the meaning given to that term in the Act;

“First Nation” means a band named in the schedule to the Act;

“First Nation Entity” means

(a) a corporation in which the First Nation beneficially owns, directly or indirectly, shares

(i) having not less than fifty percent (50%) of the votes that could be cast at an annual meeting of the shareholders of the corporation, or

(ii) having not less than fifty percent (50%) of the fair market value of all of the issued shares of the capital stock of the corporation; or

(b) a partnership in which the First Nation beneficially owns, directly or indirectly,

(i) not less than fifty percent (50%) of all voting rights of the partnership, or

(ii) interests in the partnership having not less than fifty percent (50%) of the fair market value of all of the interests in the partnership;

“holder”, in relation to an interest or right in reserve lands, means a person

(a) in possession of the interest or right,

(b) entitled through a lease, licence or other legal means to the interest or right,

(c) in actual occupation of the interest or right, or

(d) who is a trustee of the interest or right;

“interest”, in relation to reserve lands in Canada elsewhere than in Quebec, means any estate, right or interest of any nature in or to the lands, including any right to occupy, possess or use the lands, but does not include title to the lands that is held by Her Majesty;

“Law” means a law enacted under paragraph 5(1)(a) of the Act that levies a tax on an interest in land at the time of the registration of a transfer in respect of that interest in land in a registry;

“lease” includes a sublease or any further sublease;

“lease modification agreement” means an agreement that extends the term of a lease;

“property transfer tax” means a tax imposed, levied, assessed or assessable under a Law and all penalties, interest and costs added to taxes as provided in a Law;

“Province” refers to the province in which the First Nation’s reserve lands are situated;

“registration date” means the date on which an application is made to register a transfer in a registry;

“registry” means a land registry in which interests or rights in reserve lands are registered;

“reserve” means a reserve of a First Nation within the meaning of the *Indian Act*;

“Return” means a tax return filed by a transferee in respect of a transfer;

“right”, in relation to reserve lands in Quebec, means any right of any nature in or to the lands, including any right to occupy, possess or use the lands and any right of a lessee, but does not include title to the lands that is held by Her Majesty;

“spouse” includes a common law partner;

“taxpayer” means a person liable for taxes in respect of a transfer;

“transfer” means a transfer referenced in subsection 2.2;

“transferor” means a person from whom a transferee receives a transfer; and

“transferee” means a person to whom an interest or right in reserve lands is transferred or whose interest or right is created, increased or given effect to under a transfer.

For greater certainty, an interest or right, in relation to reserve lands, includes improvements.

Except as otherwise provided in these Standards, words and expressions used in these Standards have the same meaning as in the Act.

[am. FNTC Resolution 2016-03-30; 2019-03-27.]

PART VII STANDARDS

1. Administrator

1.1 The Law must provide for

- (a) the appointment, by resolution, of an administrator, or
- (b) the tax administrator appointed under the First Nation’s taxation law to be the administrator,

to oversee the administration and enforcement of the Law.

1.2 The Law must require the administrator to report annually to Council on the administration of the Law during the previous fiscal year, which report must include:

- (a) the amount of all property transfer taxes levied;
- (b) the amount of all property transfer taxes received;
- (c) the amount of any exemptions from property transfer taxes;
- (d) the amount of any refunds of property transfer taxes;
- (e) a list of all requests for reconsideration received and the decision made respecting each request;
- (f) any appeals filed; and
- (g) any enforcement proceedings taken.

[am. FNTC Resolution 2019-03-27.]

2. Tax Liability and Levy

2.1 The Law must provide that a property transfer tax must be levied only in relation to leasehold interests or rights in reserve lands.

2.2 The Law must provide that a property transfer tax must be levied only at the time of the application for registration in a registry of

- (a) a transfer, grant, assignment or other disposition of a lease by any method, including by court order (including an order absolute of foreclosure) or by the operation of any enactment;
- (b) a transfer, grant or other disposition of a life estate in a lease, including by court order (including an order absolute of foreclosure) or by the operation of any enactment;
- (c) an extension of the term of a lease by a lease modification agreement; and

(d) a grant of an option to renew or extend the term of a lease.

2.3 The Law must provide that property transfer tax applies to all transfers unless exempted from taxation in accordance with the Law.

2.4 The Law must provide that the property transfer tax

(a) is calculated by multiplying the property transfer tax rate by the fair market value of the transfer; and

(b) is payable by the transferee of the transfer.

[am. FNTC Resolution 2019-03-27.]

3. Determination of Fair Market Value

The Law must provide for the determination of the fair market value of a transfer by applying the rules and formulae set out in the Schedule.

4. Tax Rate

4.1 The Law must establish

(a) a single rate or rate structure of property transfer tax to apply to all transfers; and

(b) the rate or rate structure of property transfer tax as a rate for each dollar (\$1) of fair market value of the transfer.

4.2 Despite paragraph 4.1(a), where a First Nation is located in a province that applies a different rate or rate structure to one or more types of transfers or interests or rights in reserve lands, the Law may implement the same approach as the Province.

4.3 The Law must establish a rate or rate structure of property transfer tax that is

(a) the same or lower than the rate or rates of tax established in the Province on the transfer of land; or

(b) the same or lower than the maximum rate that may be established by a municipality in the Province on the transfer of land, if the Province does not levy a tax on the transfer of lands.

4.4 Where a First Nation is located in a province that does not levy a property transfer tax on the transfer of land and paragraph 4.3(b) does not apply, the Law must establish a rate or rate structure that is the same or lower than established in a province selected by the First Nation.

[am. FNTC Resolution 2017-11-03; 2019-03-27.]

5. Minimum Tax and Tax Abatement

5.1 The Law must not establish a minimum amount of property transfer tax to be levied on a transfer.

5.2 The Law may establish an amount below which property transfer tax will not be levied.

5.3 Except as provided in subsection 5.4, the Law must not provide any grants, abatement, tax deferral or other form of tax reduction or relief in respect of property transfer tax.

5.4 The Law may provide for a granting or refund program that is permitted under property transfer tax legislation in the Province.

[am. FNTC Resolution 2017-11-03.]

6. Exemptions

6.1 Where a First Nation wishes to provide for exemptions from property transfer tax, those exemptions must be set out in the Law.

6.2 Where exemptions from taxation are included in a Law, the exemptions must be in one or more of the

following categories:

- (a) an exemption within a class of exemption provided under property transfer tax legislation in the Province;
- (b) an exemption of a lease transfer where
 - (i) the land is undeveloped or intended for redevelopment,
 - (ii) the transferee intends to subdivide and develop for resale at least five (5) parcels on the land, and
 - (iii) the transferee completes a subdivision to create at least five (5) parcels within a time frame specified in the Law, provided that time frame does not exceed five (5) years after the registration date;
- (c) an exemption for members of the First Nation where the transferee is
 - (i) a member and no other person,
 - (ii) one (1) or more members and no other persons, or
 - (iii) one (1) member and that member's spouse;
- (d) an exemption for a transfer to a trustee who will hold the interest or right in reserve lands in trust only for the sole benefit of a member or members of the First Nation;
- (e) an exemption for the First Nation where the First Nation is the sole transferee;
- (f) an exemption for a corporation in which the First Nation beneficially owns, directly or indirectly, all of the shares of the corporation, where the corporation is the sole transferee;
- (g) an exemption for a First Nation Entity where the First Nation Entity is the sole transferee.

6.3 Exemptions from property transfer tax under paragraph 6.2(c) must not exempt transfers where a transferee will hold the interest or right in reserve lands for the benefit of any person who is not a member of the First Nation.

6.4 Where the Law provides for an exemption under paragraph 6.2(c), 6.2(d) or 6.2(g), the Law must require the First Nation to

- (a) pay into the local revenue account an amount equivalent to the property transfer taxes that would have been payable by the exempted person or First Nation Entity had the exemption not applied; and
- (b) make the payment under paragraph (a) using moneys that are not local revenues.

6.5 Where a First Nation is located in a Province that does not levy a property transfer tax on the transfer of land, the reference to the Province in paragraph 6.2(a) must be read as a reference to the province selected by the First Nation for the purpose of applying a rate or rate structure.

[am. FNTC Resolution 2016-03-30; 2019-03-27.]

7. Filing of Tax Return and Payments

7.1 The Law must require every transferee to file a completed Return at the time the transferee applies to register a transfer in a registry.

7.2 The Law must require the Return to include at least the following information:

- (a) the name and address of the transferee;
- (b) the street address and legal description of the interest or right in reserve lands to which the transfer relates;

- (c) the registration date of the transfer;
- (d) the name of the transferor;
- (e) the term of the lease, determined in accordance with the Law;
- (f) the fair market value of the transfer, determined in accordance with the Law;
- (g) for a prepaid lease, the gross purchase price paid for the transfer, including any non-monetary or other consideration paid or provided;
- (h) where the gross purchase price differs from the fair market value, the reason for the difference;
- (i) where a lease is not prepaid, the rent payment, lump sum consideration payment and other information required to calculate the fair market value under the Law; and
- (j) the calculation of the amount of property transfer tax payable on the transfer.

7.3 Where the transferee is claiming an exemption from property transfer tax under the Law, the Law must require the transferee to file on the registration date a completed application for the exemption sufficient to allow the administrator to determine the applicability of the exemption.

7.4 The Law must require the Return to be dated and certified

- (a) if no exemption is claimed, by the transferee or a person with actual authority to certify the Return on behalf of the transferee;
- (b) if an exemption is claimed and the transferee is an individual, by a transferee or by an agent of the transferee who has personal knowledge of the matters certified; or
- (c) if an exemption is claimed and the transferee is a corporation, by a person who has personal knowledge of the matters certified and actual authority to certify the Return on behalf of the transferee.

7.5 The Law must

- (a) require the payment of the property transfer tax at the time the application for the registration of the transfer in the registry is made; and
- (b) set out the acceptable forms of payment.

7.6 Despite subsection 7.5, where the amount of property transfer tax owing on a transfer cannot be determined at the time of registration because additional valuation information is required, the Law may provide a process under which

- (a) the administrator may estimate the property transfer tax owing on the transfer;
- (b) the transferee may elect to proceed with registration of the transfer and pay the estimated property transfer tax; and
- (c) the administrator must determine the property transfer tax owing on the transfer when the required information is available, and deliver a notice to the transferee setting out the amount of overpayment, or the amount to be paid, as applicable.

[am. FNTC Resolution 2016-03-30; 2019-03-27.]

8. Tax Refunds

8.1 The Law must

- (a) set out procedures for providing refunds to a transferee and the circumstances under which refunds will be given; and
- (b) include at least the provisions set out in this section.

8.2 The Law must provide for a refund of moneys paid where a person has paid an amount as property transfer tax in circumstances where there was no legal obligation to pay the property transfer tax under the Law, provided the person delivers to the administrator, within the time period specified in the Law that is not less than two (2) years,

- (a) a completed application for a refund in the form prescribed by the administrator; and
- (b) sufficient evidence to satisfy the administrator that the person who paid the moneys is entitled to the refund.

8.3 The Law must provide for a refund of excess taxes paid where a transferee has paid property transfer taxes pursuant to an assessment made by the administrator, and as a result of a decision of the administrator on reconsideration, or a decision of a court of competent jurisdiction, the tax payable is less than the amount actually paid.

8.4 The Law must provide for a refund of property transfer taxes paid where a person has paid property transfer tax under the Law and

- (a) the person subsequently withdraws the application for registration of the transfer; or
- (b) the application for registration is rejected and not resubmitted.

8.5 The Law must provide for a payment of interest on amounts refunded in accordance with subsections 8.3 and 8.4, at a rate of not less than two percent (2%) below the prime lending rate of the principal banker to the First Nation on the fifteenth day of the month immediately preceding the calculation of the interest for the following three (3) month period.

[am. FNTC Resolution 2016-03-30.]

9. Assessments, Reconsideration and Appeals

9.1 The Law must provide for the administrator to have the authority to make an assessment of property transfer tax owing on a transfer, including by determining

- (a) the fair market value of the transfer;
- (b) the applicability of an exemption under the Law; and
- (c) the property transfer tax owing by a transferee under the Law.

9.2 Where the administrator makes an assessment of property transfer tax owing, the Law must

- (a) require the administrator to deliver to the transferee a notice of an assessment made in respect of the transfer; and
- (b) provide procedures for the transferee to request a reconsideration of that assessment by the administrator.

9.3 The reconsideration procedures in the Law must

- (a) allow a person who receives a notice of an assessment to request that the administrator reconsider the assessment;
- (b) provide for a period of at least sixty (60) days after the date of delivery of a notice of assessment for a person to request a reconsideration by the administrator;
- (c) require the administrator, within thirty (30) days after the administrator receives the request for reconsideration, to consider the request and either
 - (i) confirm the assessment and give written notice of the decision to the transferee, or

(ii) vary the assessment and give an amended notice of assessment to the transferee reflecting the decision.

9.4 The Law must provide for an appeal to a court of competent jurisdiction from a reconsideration decision of the administrator.

9.5 If the Law provides for a time period in which an appeal may be made, that time period must be at least sixty (60) days.

[am. FNTC Resolution 2016-03-30.]

10. Tax Collection and Enforcement

10.1 The Law must set out the enforcement measures that may be taken by the First Nation to collect unpaid property transfer taxes.

10.2 If the First Nation wishes to recover its costs of enforcement, the Law must set out the types of costs and how the amounts are determined.

10.3 Where the Law provides for a penalty to be imposed in respect of unpaid property transfer taxes, the Law must set out the circumstances and the time period after which the penalty will be imposed.

[am. FNTC Resolution 2016-03-30.]

11. Records and Receipts

11.1 The Law must require the administrator to keep records of

- (a) all property transfer taxes levied under the Law;
- (b) all Returns received under the Law;
- (c) all applications for exemptions received under the Law and the decision made respecting each application;
- (d) all property transfer tax payments made and receipts issued under the Law;
- (e) all requests for reconsideration received by the administrator and the decision made respecting each request;
- (f) all refund applications received and all refunds paid; and
- (g) all enforcement proceedings taken.

11.2 The Law must require the First Nation to issue a receipt to a transferee for each payment received by the First Nation under the Law.

[am. FNTC Resolution 2017-11-03.]

12. Confidentiality

The Law must provide for the confidentiality of information and documents obtained by the administrator and any other person who has custody or control of records obtained or created under the Law, except that disclosure may be made

- (a) in the course of administering the Law or performing functions under it;
- (b) in proceedings before a tribunal having jurisdiction or a court of law;
- (c) where a holder or a transferee gives written authorization for his or her agent to obtain confidential information relating to an interest or right in reserve lands or a taxable transfer;
- (d) by the administrator to a third party for research (including statistical) purposes, provided the information or documents do not include any information that is in an individually identifiable form; or

(e) by Council to a third party for research (including statistical) purposes.
[am. FNTC Resolution 2016-03-30; 2019-03-27.]

**PART VIII
COMING INTO FORCE**

These Standards are established and in effect as of March 26, 2014.

**PART IX
ENQUIRIES**

All enquiries respecting these Standards should be directed to:

First Nations Tax Commission
321 – 345 Chief Alex Thomas Way
Kamloops, BC V2H 1H1
Telephone: (250) 828-9857

SCHEDULE
DETERMINATION OF FAIR MARKET VALUE

Interpretation

1. In this Schedule,

- (a) a reference to the “rent” does not include an amount that is separately calculated under a lease and is payable to a lessor in reimbursement for
 - (i) taxes, or
 - (ii) reasonable expenses relating to the operation of a multi-tenant premises of which the demised interest or right in reserve lands forms a part;
- (b) “appraisal” means an appraisal conducted by an independent appraiser who is designated A.A.C.I. by the Appraisal Institute of Canada or designated, registered or licensed as a certified appraiser under the laws of the Province, as applicable; and
- (c) “assessed value” means the most recent assessed value of an interest or right in reserve lands determined in accordance with the First Nation’s assessment law made under subparagraph 5(1)(a)(i) of the Act.

[am. FNTC Resolution 2019-03-27.]

Determination of Lease Term

2.(1) Subject to section 6, and subsections (2), (3) and (5), the term of a lease is the sum of

- (a) the number of years for which a transferee has the right to occupy the demised interest or right in reserve lands; and
- (b) the maximum number of years not counted under paragraph (a) that, by the exercise of rights or options to renew or extend the lease, the transferee may occupy the demised interest or right in reserve lands.

(2) Subject to subsection (4), the term of a lease is the unexpired portion of the term determined under subsection (1) on the registration date.

(3) If the lease is a time share or fractional ownership plan, the term of the lease must be determined by adding together the number of years during which the transferee may, for any part of a year, occupy the interest or right in reserve lands.

(4) Subject to subsection (5), the term of a life estate is the number of years of life expectancy based on Table 3 remaining to the holder of the life estate on the registration date of the life estate in the registry.

(5) Where the term of a lease or life estate would otherwise be expressed as a fraction of a year or as a number of years plus a fraction of a year, the term must be rounded up to the next whole number.

[am. FNTC Resolution 2019-03-27.]

Fair Market Value of Prepaid Leases

3.(1) The fair market value of a transfer involving the granting or transfer of a prepaid lease is the amount of the purchase price paid by the transferee in money and in other consideration where

- (a) the rent under the lease is not subject to adjustment or renegotiation and has been paid for the term of the lease before the registration date or will be paid within one (1) year of that date; and
- (b) the lessor and the transferee deal with each other at arm's length.

(2) If a lessor and a transferee are not at arm’s length, the fair market value is the amount that would have

been paid if the leasehold interest or right in reserve lands had been sold on the registration date in the open market by a willing seller to a willing purchaser, free of any trust and unencumbered by a judgment for the payment of money, or a mortgage or any other financial instrument that secures the payment of money or the performance of an obligation.

[am. FNTC Resolution 2019-03-27.]

Fair Market Value of Lease Having a Term Not Exceeding 30 Years

4.(1) The fair market value of a transfer involving the grant or transfer of a lease

- (a) to which section 3 does not apply,
- (b) the term of which does not exceed thirty (30) years, and
- (c) where the lessor and the transferee deal with each other at arm's length,

is, subject to an election under subsection (2), the amount determined in accordance with the following formula:

$$\text{LSC} + (\text{ARP} \times \text{PVF})$$

where

LSC = any lump sum consideration paid by the transferee for the grant or transfer of the lease, including for any improvements on the leasehold property;

ARP = the annual rent payment to be made during the last year for which rents are fixed pursuant to a lease; and

PVF = the present value factor set out in Column 2 of Table 2 that is opposite the number of years in Column 1 that corresponds to the term of the lease.

(2) The transferee may elect to calculate the fair market value of the lease under section 5.

Fair Market Value of Other Leases

5.(1) Subject to subsection (2), the fair market value of a lease to which section 4 does not apply is the amount determined in accordance with the following formula:

$$\text{VSI} \times \text{P}$$

where

VSI = the fair market value of the fee simple interest, including improvements, in the demised interest or right in reserve lands; and

P = the percentage set out in Column 2 of Table 1 opposite the period in Column 1 that corresponds to the term of the lease.

(2) For the purposes of subsection (1) where part of the improvements on a parcel of land are leased, the fair market value of the demised interest or right in reserve lands is determined in accordance with the following formula:

$$\text{VSI} \times \text{P} \times \frac{\text{ARADP}}{\text{ARA}}$$

where

VSI = the fair market value of the fee simple interest, including improvements, within which the demised interest or right in reserve lands is situated;

P = the percentage set out in Column 2 of Table 1 opposite the period in Column 1 that corresponds to the term of the lease;

ARADP = the aggregate rentable area of the demised interest or right in reserve lands; and

ARA = the aggregate rentable area of the improvements on the land within which the demised interest or right in reserve lands is situated.

(3) The VSI in subsections (1) and (2) is the assessed value of the leasehold interest or right in reserve lands, if available.

(4) If an assessed value is not available, the administrator may

(a) determine the VSI using the best available data, which may include assessed values or appraisal data of comparable properties; or

(b) require the transferee to provide an appraisal of the VSI at the transferee's cost.

(5) If the administrator determines the VSI under paragraph (4)(a), the transferee may, within ten (10) days after the administrator advised the transferee of the VSI, elect to provide an appraisal of the VSI to the administrator at the transferee's cost and within an additional twenty-one (21) days or such additional time frame as agreed to by the administrator.

(6) If the transferee provides an appraisal under subsection (5), the administrator must use the VSI determined by the appraisal for the purposes of this section.

[am. FNTC Resolution 2019-03-27.]

Fair Market Value of a Lease Modification Agreement

6.(1) The term of the lease modification agreement for the purposes of this section is the sum of

(a) the term of the lease before extension by the lease modification agreement, calculated under section 2(1) without regard to subsection 2(2) from the date the lease agreement was first executed; and

(b) the number of years, applying subsection 2(5), by which the lease is extended by the lease modification agreement.

(2) For the purposes of paragraph (1)(b), options or rights to renew or extend the lease pursuant to the lease modification agreement are deemed exercised to give the maximum possible extension.

(3) Subject to subsection (5), where the term of the lease modification agreement is one hundred (100) years or less, its fair market value is the amount determined in accordance with the following formula:

$$\text{LSC} + (\text{ARP} \times \text{PVF})$$

where

LSC = any lump sum consideration paid by the transferee for the lease modification, including for any improvements on the leasehold property;

ARP = the annual rent payment to be made during the last year for which rents are fixed pursuant to the lease as extended by the lease modification agreement; and

PVF = the present value factor set out in Column 2 of Table 2 that is opposite the number of years in Column 1 that corresponds to the number of years applicable under paragraph (1)(b).

(4) Where the term of the lease modification agreement exceeds one hundred years (100) years, section 5 applies for the purpose of calculating the fair market value of the lease modification agreement except that "P" equals the percentage in Column 2 of Table 1 that is opposite the period in Column 1 that corresponds to the number of years applicable under paragraph (1)(b).

(5) The transferee may elect to calculate the fair market value of the lease under section 5 as modified by subsection (4).

Fair Market Value of Life Estates

7. The fair market value of a life estate in a lease is the amount determined in accordance with the following formula:

$$\text{VFS} \times \text{P}$$

where

VFS = the fair market value of the leasehold interest or right in reserve lands determined

- (a) as though the life estate did not exist; and
- (b) under section 3, 4 or 5 as applicable.

P = the percentage in Column 2 of Table 1 that is opposite the period in Column 1 that corresponds to the term of the life estate.

[am. FNTC Resolution 2019-03-27.]

Transfers That Are Not Arm's Length

8. Where a transferor and a transferee do not deal with each other at arm's length, the administrator may
- (a) use the assessed value; or
 - (b) require the transferee to provide with the Return, as applicable and at the transferee's cost, an appraisal of
 - (i) the valuation required under subsection 3(2),
 - (ii) the ARP under section 4 or section 6 that would be paid on the open market on the registration date by an arm's length transferee, or
 - (iii) the VSI under section 5 that would be paid on the open market on the registration date by an arm's length transferee.

TABLE 1 – PERCENTAGE OF FAIR MARKET VALUE

Column 1	Column 2
Term of Lease Agreement or Life Expectancy	Percentage of Fair Market Value of the Demised Premises or the Land Subject to the Life Estate
5 years or less	40%
More than 5 years but not more than 10 years	50%
More than 10 years but not more than 20 years	60%
More than 20 years but not more than 30 years	70%
More than 30 years but not more than 40 years	80%
More than 40 years but not more than 50 years	90%
More than 50 years	100%

TABLE 2 – PRESENT VALUE FACTORS

Column 1	Column 2
Term of Lease Agreement	Present Value Factor (at 8%)
1	1.0
2	1.8
3	2.6
4	3.3
5	4.0
6	4.6
7	5.2
8	5.7
9	6.2
10	6.7
11	7.1
12	7.5
13	7.9
14	8.2
15	8.6
16	8.9
17	9.1
18	9.4
19	9.6
20	9.8
21	10.0
22	10.2
23	10.4
24	10.5
25	10.7
26	10.8
27	10.9
28	11.1
29	11.2
30-31	11.3
32	11.4
33	11.5
34	11.6
35-36	11.7
37-38	11.8
39-40	11.9
41-43	12.0
44-46	12.1
47-50	12.2
51-57	12.3
58-71	12.4
72-100	12.5

TABLE 3 – LIFE EXPECTANCY

Age of Transferee	Male Life Expectancy	Female Life Expectancy
0	71.88	78.98
1	71.67	78.65
2	70.73	77.70
3	69.77	76.74
4	68.80	75.77
5	67.84	74.79
6	66.86	73.81
7	65.88	72.83
8	64.90	71.84
9	63.91	70.86
10	62.92	69.87
11	61.94	68.88
12	60.95	67.90
13	59.97	66.91
14	59.00	65.93
15	58.04	64.95
16	57.10	63.97
17	56.16	63.00
18	55.23	62.02
19	54.31	62.05
20	53.39	60.08
21	52.47	59.11
22	51.55	58.14
23	50.63	57.16
24	49.71	56.19
25	48.78	55.22
26	47.86	54.25
27	46.92	53.27
28	45.99	52.30
29	45.05	51.33
30	44.11	50.36
31	43.17	49.39
32	42.22	48.42
33	41.28	47.45
34	40.34	46.48
35	39.39	45.51
36	38.45	44.55
37	37.52	43.59
38	36.58	42.63
39	35.65	41.68
40	34.72	40.73
41	33.80	39.78

Age of Transferee	Male Life Expectancy	Female Life Expectancy
42	32.88	38.84
43	31.97	37.90
44	31.06	36.97
45	30.16	36.04
46	29.27	35.11
47	28.39	34.19
48	27.52	33.28
49	26.66	32.37
50	25.81	31.47
51	24.97	30.57
52	24.14	29.68
53	23.33	28.80
54	22.52	27.93
55	21.73	27.06
56	20.95	26.20
57	20.18	25.35
58	19.43	24.51
59	18.69	23.68
60	17.96	22.85
61	17.25	22.03
62	16.56	21.22
63	15.88	20.42
64	15.21	19.63
65	14.57	18.85
66	13.93	18.09
67	13.32	17.33
68	12.72	16.59
69	12.14	15.86
70	11.58	15.14
71	11.03	14.44
72	10.49	13.75
73	9.98	13.08
74	9.48	12.42
75	9.00	11.78
76	8.53	11.15
77	8.09	10.54
78	7.66	9.95
79	7.25	9.39
80	6.85	8.84
81	6.48	8.32
82	6.12	7.82
83	5.78	7.34
84	5.45	6.88
85	5.14	6.45
86	4.85	6.04

Age of Transferee	Male Life Expectancy	Female Life Expectancy
87	4.57	5.65
88	4.30	5.28
89	4.05	4.93
90	3.82	4.60
91	3.59	4.29
92	3.38	3.99
93	3.19	3.71
94	2.96	3.39
95	2.65	2.99
96	2.27	2.51
97	1.84	1.99
98	1.41	1.50
99	1.05	1.10
100	0.79	0.81
101	0.60	0.61
102	0.50	0.50