

NIPC/FIRS PUBLISHES COMPENDIUM OF INVESTMENT INCENTIVES IN NIGERIA

Introduction

The Nigeria Investment Promotion Commission (“NIPC”) in collaboration with Federal Inland Revenue Service (“FIRS”) with inputs from ministries and agencies have released a compendium of existing investment incentives in Nigeria (the **Compendium**) pursuant to Section 4(i) of the NIPC Act which mandates the NIPC to provide and disseminate up-to-date information on incentives available to investors.

The Compendium covers amongst others the following heads:

1. Investment Policies and Protections:

The Compendium in this regard, reiterates: (x) the commitment of the Federal Government of Nigeria to guarantee 100% ownership of foreign investments as well as protection against nationalisation and expropriation; (y) the right of a foreign investor of access to courts and fair and adequate compensation if acquisition is in national interest or for public purpose, (z) unconditional transferability and repatriation by foreigners of investment returns or sale proceeds through an authorised dealer (that is, banks licensed by the Central Bank of Nigeria); and (xx) liberal provisions for the amicable resolution of investor/government disputes by providing for the application of any Bilateral Treaty with the investor’s country as well as the investor’s right of recourse to international arbitration under the International Centre for Settlement of Investment Disputes Rules.

2. General Tax Based Incentives: Incentives under this head include:

- Incentives available to companies to wit: the pioneer status incentive; tax exemption of interest on loans, deduction for research and development; investment tax relief; amongst others.
- Incentives available to companies and persons including exemption on retirement benefits schemes; exemption on gains accruing on securities, stocks and shares; exemption on gains arising from take-overs, absorption or merger; and exemptions on gains accruing to a unit trust holder on disposal of securities provided that the proceeds are reinvested.
- Personal Income Tax Incentives available under the Personal Income Tax Act: Incentives under this head include tax credit granted against tax payable on income derived from outside Nigeria, and exemption of dividends from tax subject to meeting the prescribed equity participation.
- Incentives available (for items specifically exempted under the VATA) and the VAT (Exemption of Commission of Stock Exchange Transaction Order, 2014).

3. Sector Specific Incentives: For the Oil and gas, agriculture/agro allied, solid mineral, manufacturing sectors as well as tourism and hospitality sectors.

4. Tariff Based Incentives available under the Customs, Excise Tariff, etc.

(consolidation) Act: This covers import duty waivers (in whole or in part) for certain industries including manufacturing (for automotive design and development); aviation; power (electricity generation, distribution and transmission); mineral mining; sugar processing; and iron and steel.

5. Export Incentives available under the Export (Incentives and Miscellaneous Provisions) Act:

This head provides for the export expansion grant scheme and export credit certificate.

6. Special Economic Zones Reliefs: This head covers export processing zone incentives (including 100% waiver from federal, state and local government taxes and levies) unlimited sale of product within

the customs territory, amongst others, available to companies that are located and operate within any of the designated economic zones.

7. The **NIPC** and the **FIRS** plan to update the Compendium periodically, as more incentives are gazetted, as a clear demonstration of the commitment of the Federal Government to encourage investments in Nigeria.

8. To access the full compendium, please [click here](#).

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