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Nigeria Fiscal Guide 2022

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FA – Finance Act
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IFEM – Nigerian Interbank Foreign Exchange Market
LIRS - Lagos State Internal Revenue Service
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NPTFL – Nigerian Police Trust Fund Levy
NRC – Non-Resident Company
NRI – Non-Resident Individual
OECD – Organization for Economic Co-operation and Development
PBT – Profit Before Tax
PIT – Personal Income Tax
REIC - Real Estate Investment Company
RTA – Relevant Tax Authority
SDA – Stamp Duty Act
SEP – Significant Economic Presence
TET – Tertiary Education Fund
TP – Transfer Pricing
TWP – Temporary Work Permit
UPE – Ultimate Parent Entity
VAT – Value Added Tax
WHT – Withholding Tax
YOA – Year of Assessment

Income Tax

The profits of companies (other than upstream petroleum companies with Oil Prospecting Licences who are subject to additional hydrocarbon tax) are subject to companies' income tax (CIT). Nigerian companies are assessed to tax on their worldwide income, whilst Non-Resident Companies (NRCs) are subject to tax only on profits *accrued in or derived from* Nigeria, to the extent that the profits are not attributable to operations outside Nigeria. For NRCs whose activities constitute a Significant Economic Presence (SEP) in Nigeria, CIT is charged on only the portion of the profit attributable to such activities in Nigeria. Every company carrying on trade or business in the country or whose activity constitutes SEP is expected to prepare audited financial statements and file CIT returns within 6 months from the end of their financial year. However, withholding tax (WHT) will be the final tax for a NRC that derives profit from the provision of technical, management, consultancy, or professional services to persons resident in Nigeria, provided that the NRC does not have a fixed base or engages in other trade or business as defined by the CIT Act.

There are currently three (3) CIT rates applicable to companies in Nigeria depending on their turnover.

Further, both Nigerian companies and NRCs are liable to a minimum tax where: the total assessable profit for any year of assessment (YOA) results in a loss; or the ascertained total profits results in no tax payable; or tax payable is less than the minimum tax, unless they meet the criteria for minimum tax exemption. Finance Act, 2019 amended the base and rate of minimum tax to 0.5% of a company's turnover less franked investment income. In light of COVID-19 pandemic and its attendant economic challenges, the Federal Government introduced, as a palliative measure in the Finance Act, 2020, a 50% temporary reduction in the rate for companies liable to minimum tax for the YOAs falling due between 1 January 2020 to 31 December 2021.

CIT is also applicable on profits of upstream petroleum companies with Petroleum Mining Licences (PMLs) and Petroleum Prospecting Licences (PPL). This is in addition to Hydrocarbon Tax (HT) payable at the following rates:

(i) 30% on profits from crude oil for PML holders for both onshore and shallow water operations; and

(ii) 15% for PPL holders operating in the onshore and shallow water areas respectively.

However, upstream petroleum companies operating under the old Oil Prospecting Licences (OPLs) and Oil Mining Leases (OMLs) will continue to be liable to Petroleum Profits Tax (PPT) until the expiration, conversion, or termination of the licences.

Individuals are subject to tax under the Personal Income Tax (PIT) Act (as amended). Resident individuals are subject to tax on all personal income, including income derived from outside Nigeria (except those specifically exempted from tax). The PIT is administered based on the residency rule and is collected by the relevant State Government where the individual resides, except for certain categories of individuals whose taxes are payable to the Federal Government.

Non-Resident Individuals (NRIs) are liable to tax on Nigerian-sourced income. The income of an NRI from an employment, profession, vocation, or business in Nigeria is generally taxed in the same manner as that of a resident, irrespective of where the income is paid. However, investment income derived from Nigeria by a person resident outside the country is only liable to withholding tax. Further, an NRI who derives income from technical, management, consultancy or professional services provided to a person resident in Nigeria is liable to only WHT as the final tax on such income, where the NRI has SEP in Nigeria.

[1] These include persons employed in the Nigerian Army, the Nigerian Navy, the Nigerian Air Force, the Nigerian Police Force other than in a civilian capacity, officers of the Nigerian Foreign Service, every resident of the Federal Capital Territory, Abuja, and a non-resident person that derives income or profit from Nigeria.

Rates

Resident companies	
Companies Income Tax (CIT): • Large Companies (over ₦100 million turnover) • Medium Companies (₦25 million to ₦100 million turnover) • Small Companies (less than ₦25 million turnover) • Minimum tax (CIT returns due between 1/1/2020 to 31/12/2021)	30% 20% 0% 0.25%
Tertiary Education Tax (TET)	2.5%
Petroleum profits tax (for petroleum companies with OPLs and OMLs)	85%[1] (standard rate)
Hydrocarbon Tax (HT): • Petroleum Mining Licenses • Petroleum Prospecting License	30% (for onshore and shallow water areas) 15% (for onshore and shallow water areas)
Nigerian Police Trust Fund Levy (NPTFL)	0.005%
Capital Gains Tax (CGT)	10%
Value Added Tax (VAT)	7.5%
Dividend, Interest and Rent	10%[2]
Royalties	10%[2]
Consultancy fees, management fees and fees for technical services	10%[2]

In addition, companies may be liable to the following specific income taxes based on their business activities:

- National Information Technology Development Act (NITDA) levy – This is charged at 1% of profit before tax payable by the following companies with turnover of ₦100 million and above: GSM service providers and all telecommunications companies; Cyber companies and internet providers; Pension managers and pension related companies; Banks and other financial institutions; and insurance companies.

- National Agency for Science and Engineering Infrastructure (NASENI) levy – This is computed at 0.25% of the profits before tax of commercial companies and firms with a turnover of at least ₦100 million and above who operate in the banking, mobile telecommunications, information and communications technology, aviation, maritime and oil and gas sectors.

Resident individuals	
Personal Income Tax (PIT)	7 to 24%[4]
CGT	10%
Dividend, Interest and Rent	10%[2]
Royalties	5%[2]
Consultancy fees, management fees and fees for technical services	5%[2]
Directors' fees	10%[2]

Non-Resident companies and individuals	
CIT	Non-resident companies are taxed at the same tax rate as resident companies. However, they are only taxed on Nigerian-sourced income[5]. TET does not apply.
NPTFL	Taxed at the same rate as residents
PIT	Non-resident individuals are taxed at the same tax rate as resident individuals.
CGT	Taxed at the same rate as residents
VAT	Taxed at the same rate as residents
Dividend, Interest and Rent	Taxed at the same rate as residents[3]
Royalties	Taxed at the same rate as residents[3]
Fees	Taxed at the same rate as residents

1. For a company with OPL or OML, in its first five years of petroleum operations the applicable rate is 65.75%. The petroleum profits tax rate for companies operating in the deep offshore and inland basin areas under Production Sharing Contracts with the Nigerian National Petroleum Corporation is 50% flat for the contract area.

2. This relates to WHT deducted at source. Dividend received after deduction of WHT is regarded as franked investment income and is not liable to further income tax.

3. WHT deducted at source is the final income tax due on the income.

4. The current PIT table for individuals and joint venturers or partners in unincorporated entities is shown below:

Taxable income (₦)	Rate of tax (%)
First 300 000	7
Next 300 000	11
Next 500 000	15
Next 500 000	19
Next 1 600 000	21
Above 3 200 000	24

5. The Federal Inland Revenue Service (FIRS) has the discretion to assess non-resident companies (NRCs) to CIT at the higher of actual profit basis (determined based on audited accounts) and deemed profit basis (currently 20% of revenue). Until 2015, it was the practice of the FIRS to assess non-resident companies to CIT on deemed profit basis only. However, the FIRS in that year issued a public notice on the filing of Tax Returns by NRCs under the CIT Act, Cap C21, Laws of the Federation of Nigeria (LFN) 2004 (as amended) requiring NRCs to file their tax returns on actual profit basis, in compliance with Section 55 of the CIT Act. The tax returns would comprise of the audited financial statements and income tax computations, showing the taxable income, tax-deductible expenses, and capital allowances of the NRC.

The notice issued by the FIRS specifies the commencement date as 2015 year of assessment, covering the basis period of an accounting period ending in 2014.

Relatedly, Finance Act, 2021 amended Section 30 of the CIT Act to empower the FIRS to assess non-resident digital service providers with significant economic presence in Nigeria to tax on a fair percentage of their income derived from Nigeria.

Transfer pricing (TP) and thin capitalisation rules

On 12 March 2018, the FIRS issued a new Income Tax (Transfer Pricing) Regulations, 2018 (the Regulations) to replace the erstwhile Income Tax (Transfer Pricing) Regulations, 2012. The new Regulations, which commenced on the same date, is applicable to basis periods of taxpayers beginning after that date. The Regulations requires that the pricing for transactions between related parties are at arm's length. Therefore, taxpayers are required to provide documentation sufficient to verify that the pricing of controlled transactions is consistent with the arm's length principle. In addition, taxpayers are obligated to complete and file TP declaration and disclosure forms with the FIRS in respect of their related-party transactions, along with their income tax returns. TP policies and contemporaneous documentation are to be submitted to the FIRS upon request.

Though the new Regulations retained the scope of the defunct 2012 Regulations, it introduced some notable changes including administrative penalties for non-compliance, provisions on procurement arrangements, safe harbour, connected persons, capital-rich-low-function companies, intragroup services and intangibles, and transfer pricing documentation.

Nigeria has no specific thin capitalisation rules. Thus, there are no ratios which may limit the amount of debt that may be applied to fund a company. However, Finance Act, 2019 introduced a new deductibility rule which limits the amount of interest expense a Nigerian company can claim as tax deduction on interest incurred on debts issued by a foreign connected person, in any tax year, to 30% of Earnings Before Interest, Tax, Depreciation and Amortization.

Country-by-Country Reporting Regulations

The FIRS published the Income Tax [Country-by-Country Reporting (CbCR)] Regulations, 2018 (CbCR Regulations) on 19 June 2018, with the commencement date of 1 January 2018. The CbCR Regulations requires Multinational Enterprises (MNE) Groups headquartered in Nigeria with a consolidated revenue of ₦160 billion or above to file CbC report with the FIRS annually.

Nigerian resident members of MNE Groups, headquartered outside Nigeria, are required to notify the FIRS of the identity and tax jurisdiction of the entity that will be responsible for filing the CbC report, where the Group has a consolidated revenue of EUR750 million or near equivalent in the domestic currency of the jurisdiction of the Ultimate Parent Entity (UPE) or surrogate parent entity. However, where the CbCR Regulations have not been implemented in the jurisdiction where the UPE is tax resident, the Nigerian entity is required to file the CbC report.

The due date for filing the CbC report is not later than one year after the end of the accounting period to which the report relates. The CbCR Regulations also impose stiff penalties for non-compliance.

Income Tax (Common Reporting Standard) Regulations

The FIRS issued the Income Tax [Common Reporting Standard (CRS)] Regulations, 2019 ("the CRS Regulations"), which commenced on 1 July 2019. The FIRS further published the Income Tax (Common Reporting Standard) Implementation and Compliance Guidelines, 2019 ("the CRS Guidelines") to supplement the CRS Regulations.

The CRS Regulations gives effect to the:

- Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Information (AEOI) signed by the Federal Republic of Nigeria on 17 August 2017; and
- Common Reporting Standards (CRS) and its Commentaries contained in the Standard for AEOI in Tax Matters approved by the Organization for Economic Co-operation and Development (OECD) on 15 July 2014.

The CRS Regulations aims to improve international tax transparency and reduce tax evasion among taxable Nigeria residents with income from other jurisdictions. In accordance with the CRS Regulations, Nigerian Financial Institutions are required to submit certain information on reportable accounts to the FIRS annually.

The due date for filing the CRS returns is 31 May of the year following the calendar year to which the returns relate. The CRS Regulations also impose stiff penalties for non-compliance.

Transaction Taxes

These include value added tax, capital gains tax, withholding tax, stamp duties and electronic money levy.

Value Added Tax

VAT is a consumption tax levied on the supply of all goods and services supplied in or imported into Nigeria, except those specifically exempted from the tax by the VAT Act and Executive Orders.

The VAT Act defines **goods** as *"all forms of tangible properties, moveable or immovable, but does not include land and building, money or securities"*, and **services** *as "anything other than goods, or services provided under a contract of employment, and includes any intangible or incorporeal (product, asset or property) over which a person has ownership or rights, or from which he derives benefits, and which can be transferred from one person to another, excluding interest in land and building, money or security".*

VAT is charged at a flat rate of 7.5%, except when it is charged on "zero-rated" goods or services at 0%.

VAT on goods and services payable to the following persons is required to be deducted at source by the recipient and remitted to the FIRS:

(i) NRCs who do not fulfil their obligation to charge VAT on their invoices

(i) Persons supplying goods and services to companies operating in the oil and gas industry

(ii) Persons supplying goods and services to government ministries and parastatals.

Capital Gains Tax

CGT is imposed at a rate of 10% on capital gains accruing from the disposal of any asset, corporeal or not, irrespective of where it is situated, and whether it is owned by an individual or corporate entity. Persons who dispose of a chargeable asset are required to self-assess, pay, and file a return of the chargeable gain by 30 June and 31 December of the same year.

Transactions that are subject to income tax are usually excluded from the scope of CGT, as are gains of exempt organisations and institutions. Gains on transfer of Nigerian Government securities are exempted from CGT. However, CGT is applicable on gains arising from disposal of shares in any Nigerian company where the aggregate proceeds from such disposal exceeds ₦100 million in any 12 consecutive months. The two exceptions to this are: (a) where the whole or part of the disposal proceeds are reinvested within the same year of assessment (YOA) in acquiring shares in the same or other Nigerian companies; and (b) transfer of shares between an approved Borrower and Lender in a regulated securities lending transaction.

Where a qualifying asset located outside Nigeria (as defined in the CGT Act) is disposed of by a non-Nigerian company, CGT will only be payable on the portion of the gain which is brought into or received in Nigeria. However, ships and aircraft owned by NRCs will be deemed to be located outside Nigeria only when they are *"used in international traffic"* based on the provisions of Finance Act, 2020.

Withholding Tax

Generally, WHT is an advance payment of income tax, deducted at source on qualifying transactions. However, it may also represent the final tax liability on certain passive and franked investment incomes.

Where WHT is deemed to be an advance payment of income tax, it can be utilised as a credit against the beneficiary's income tax liability for the relevant year(s) of assessment. Any unutilised WHT credit can be carry-forward to subsequent tax years indefinitely.

The WHT rates applicable to various transactions are as follows:

Payment	Individual Beneficiary (%)	Corporate Beneficiary (%)
Rent	10	10
Dividend	10	10
Interest	10	10
Royalty	5	10
Commissions, Consultancy, Technical and Management fees	5	10
Contracts for construction of roads, bridges, buildings, and power plants24	5	2.5
Contracts and Agency Arrangements*	5	5
Directors Fees	10	N/A

**Covers all forms of supplies, deliverables or the like through competitive bidding, tenders, local purchase orders, agency, or other similar arrangements, whether oral or written. It does not, however, extend to contract for the outright sale and purchase of goods and property in the ordinary course of business.*

Stamp Duty

The Stamp Duties Act (SDA), Cap S8, LFN, 2004, as amended by Finance Acts 2019 and 2020, is the legal basis for the imposition of stamp duties in Nigeria. The SDA provides that dutiable instruments specified in the Schedule to the SDA must be stamped at the applicable rates and the duty remitted to the relevant tax authorities. Dutiable instruments include most legal instruments such as contracts, notes, agreements, leases, insurance policies, receipts, mortgages, stock certificates, licences, bills of exchange, deeds, letters of allotment, letters of credit, marketable securities, notarized documents, share warrant/stock certificates, warrants for goods, etc. The stamp duty applicable to an instrument may be a fixed sum (typically less than ₦50) or ad valorem, which is a percentage of the consideration on the instrument (typically ranging from 0.075% - 1.5%).

Stamp duty is payable at the rate of 0.75% on a company's authorised share capital and any increase thereon. Documents relating to the transfer of stocks and shares and instruments on which duty would be payable by the government are exempt from stamp duties. However, for transactions executed through brokers or agents, an *ad valorem* stamp duty applies on the contract note.

Electronic Money Transfer Levy

Finance Act, 2020 introduced the Electronic Money Transfer (EMT) Levy to replace the stamp duty on electronic transfers which was introduced by Finance Act, 2019. Consequently, an EMT levy of ₦50 is applicable on all electronic receipts/ transfers above ₦10,000. The SDA designates the FIRS and State Internal Revenue Service as the relevant competent authorities responsible for collecting EMT on behalf of the Federal Government and the State Governments for companies and individuals, respectively.

Double Tax Treaties and reduced tax rates

Resident individuals	Dividends[3](%)	Interest[3] (%)	Royalties[3](%)
Belgium	7.5	7.5	7.5
Canada	7.5	7.5	7.5
China	7.5	7.5	7.5
France	7.5	7.5	7.5
Pakistan	7.5	7.5	7.5
Romania	7.5	7.5	7.5
South Africa	7.5	7.5	7.5
The Netherlands	7.5	7.5	7.5
United Kingdom	7.5	7.5	7.5
Italy (Air and Shipping)	N/A	N/A	N/A
Philippines	7.5	7.5	7.5
Czech	7.5	7.5	7.5
Slovakia	7.5	7.5	7.5
Singapore	7.5	7.5	7.5
Spain	7.5	7.5	7.5
Sweden	7.5	7.5	7.5

[2] https://www.firs.gov.ng/TaxResources/TaxTreaties

[3] Although the Double Tax Treaties (DTTs) (except for the DTTs with South Africa, Spain, and China) were not formally amended to reflect the reduced rate of 7.5% specified in the 1999 FG Budget pronouncement, the tax authorities have been implementing it in Nigeria. However, the FIRS recently announced the termination of the reduced rate of 7.5% effective from 1 July 2022. Consequently, the applicable WHT rates on dividend, interest and royalty payments will be the rates specified in the relevant tax laws, except where such rates exceed the maximum rate provided in the relevant DTTs.

Investment Information

Investment rules

Investment in Nigeria is regulated by the Nigeria Investment Promotion Commission (NIPC) Act 1995, with limited restrictions on investors.

Foreigners and their Nigerian counterparts can invest and participate in any enterprise in Nigeria, except for those on the following "negative list":

(i) production of arms and ammunition

(ii) production and dealing in narcotic drugs and psychotropic substances

(iii) production of military and parliamentary wear and accoutrement.

A foreign investor is required to apply to the FMI for a Business Permit at the time of applying for expatriate quota, which they will require to employ expatriates. Foreign investors are required to bring in equity capital into the country on the basis of which the receiving bank will issue a Certificate of Capital Importation (CCI) in respect of equity investment in a Nigerian company. The CCI is one of the documents required by the NIPC to register a foreign enterprise in Nigeria. It is also required for remittance of dividends and repatriation of capital and accretion thereto in the event of divestment.

Generally, there are no restrictions on repatriation of profits by foreign investors as long as the documentation requirements are met, and appropriate taxes are paid.

Investment incentives - General

(i) Interest income earned and proceeds from disposal of Federal Government bonds are exempted from CIT, while interest earned, and proceeds from disposal of short-term Federal Government securities and bonds are exempted from PIT. Equally, coupons paid on bonds issued by the Federal, State and Local governments, and corporate bodies are exempted from PIT . However, income earned from short term Federal Government securities, bonds issued by State and Local Governments and their agencies, and bonds issued by corporate bodies are no longer exempted from CIT.

(ii) Proceeds from the disposal of securities are exempted from VAT.

(iii) Investment allowance of 10% on qualifying expenditure on plant, machinery, and equipment.

(iv) Rural investment allowance of between 15% and 100% of the cost incurred in providing facilities/infrastructure in rural areas.

(v) Capital allowance of 95% in the first year in respect of plant and machinery purchased to replace old ones.

(vi) Tax exemption of between 10% and 70% of the interest earned on foreign loans advanced to companies in any industry, where the terms and tenor of the loan satisfy the conditions specified in the law.

(vii) Exemption of small companies (less than ₦25million turnover) from CIT and TET

(viii) Donations made to the Government or its agencies during a pandemic, natural disaster or other exigency are allowable deductions for CIT purposes subject to a set threshold.

Incentives for 'pioneer companies'

Under certain circumstances, pioneer status may be granted to companies (including foreign-owned companies registered in Nigeria) involved in designated industries. The fiscal incentives available to pioneer companies include:

(i) Exemption from income tax for three years with a possible extension for another two years.

(ii) Capital expenditure on qualifying assets incurred during the tax relief period is treated as having been incurred on the first day following the tax relief period. Pioneer companies are therefore able to fully claim capital allowances on such assets after the pioneer period.

(iii) Tax-free dividends during the holiday period.

(iv) Losses in the relief period may be set off against profits after the end of the period.

Incentives for the agricultural sector

(i) Companies engaged in agricultural trade or business are not liable to minimum tax.

(ii) Exemption from restriction of capital allowance claimable by the companies to $66^{2/3}$% of assessable profit.

(iii) Tax exemption of the interest earned from primary agricultural production loans, provided the moratorium is not less than 12 months and the rate of interest is not more than the base lending rate at the time of the loan was granted or restructured.

(iv) Exemption from income tax for an initial of four (4) years with a possible extension of two (2) years based on satisfactory performance of primary agricultural production.

Export and mining enterprises incentives

(i) A wholly-export-oriented company established outside an export processing zone (EPZ) is exempt from CIT for its first three tax years, provided the export proceeds constitute at least 75% of its turnover and it repatriates at least 75% of the export earnings to Nigeria.

(ii) Plant, machinery, equipment, and accessories imported exclusively for mining operations in Nigeria are exempted from customs duties.

(iii) A new company engaged in the mining of solid minerals will enjoy a tax holiday of three years while wholly-export companies with turnover of less than ₦1 million are subjected to CIT at 20% in the first five years. However, such companies will now be eligible for income tax exemption applicable to companies with less than ₦25 million turnover as introduced by Finance Act, 2019

(iv) Free trade zones and EPZs are designated from time to time and enterprises operating in such designated zones enjoy tax exemption and liberalized exchange control measures. However, companies in these designated zones are required to submit their income tax returns with the FIRS in line with the filing requirements of Section 55 of CITA.

(v) Any Nigerian company (other than companies engaged in the upstream, midstream, or downstream petroleum operations) with export proceeds used to purchase raw materials, plant, equipment, and spare parts, is exempted from CIT on such proceeds.

Incentives for the power sector

(i) A three (3) year income tax holiday, with possible renewal for additional two (2) years.

(ii) Accelerated capital allowances after the tax- free period in the form of a 90% annual allowance with 10% retention for investment in plant and machinery.

(iii) An additional investment allowance (uplift on the cost of the asset) of 15% which does not reduce the value of the asset.

(iv) Tax-free dividends during the tax-free period where the investment for the business was made in foreign currency.

(v) Plant, machinery, and equipment purchased for utilisation of gas in downstream petroleum operations are VAT-exempt.

(vi) The Customs, Excise Tariff, etc. (Consolidated) Act exempts from custom duties, "*any machinery, equipment or spare part imported into Nigeria by an industrial establishment engaged in the exploration, processing or power generation through the utilization of Nigerian gas, for its operation*."

(vii) Zero duty on the importation of equipment and machinery

(viii) The List of Pioneer Industries and Products includes electricity power generation, transmission, and distribution as a pioneer industry. However, companies enjoying gas utilization incentives in respect of their qualifying capital expenditure are ineligible for any other tax incentive, including the Pioneer Status Incentive on the same investment.

(ix) WHT on power plant construction contracts is reduced from 5% to 2.5%

Incentives for Real Estate Investment Companies

Finance Act, 2019 introduced specialized rules for the taxation of real estate investment companies (REICs) in Nigeria. Prior to the Finance Act, real estate investment schemes were exposed to multiple levels of taxation, arising from receipt and subsequent redistribution of dividends, and rent to investors, making them less attractive to investors. To manage the double tax exposure, Finance Act, 2019 introduced the following incentives for REICs:

(i) Granting pass-through status to REICs.

(ii) Exemption of dividend and rental income received by REICs on behalf of their shareholders from CIT, provided that a minimum of 75% of the dividend or rental income earned is distributed within 12 months of the end of the financial year in which the income was earned. Any income earned by a REIC other than those collected on behalf of investors is liable to income tax.

(iii) Exemption of rental and dividend income distributed by a REIC to its shareholders from excess dividend tax.

(iv) Dividends or mandatory payments made by a REIC to its shareholders and are duly approved by the Securities and Exchange are deductible for income tax purposes.

(v) Exemption of dividends received by a REIC from WHT.

Finance Act, 2021 has expanded the definition of REICs to include a Real Estate Unit Trust (REUT). This means that REUTs may now enjoy the tax concessions available to REICs.

Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme

The Federal Government on 25 January 2019 established a ten-year Road Infrastructure Development and Refurbishment Investment Tax Credit Scheme ("the Scheme"). The Scheme was set-up as a public-private intervention that enables the Federal Government to leverage private sector capital and efficiency for the construction, refurbishment, and maintenance of critical road infrastructure in key economic areas in Nigeria.

Participants under the Scheme will be entitled to utilize the project cost incurred in the construction or refurbishment of an eligible road as a tax credit against their income tax liability, until full cost recovery is achieved.

The Scheme grants additional incentive of a single non-taxable uplift on project cost, to participants. The uplift, which is a percentage (monetary policy rate (MPR)+2%) of the project cost, will be included in the total tax credit available to each participant.

Exchange controls

Exchange controls are regulated by the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 1995. The Act creates an autonomous market in which transactions may be conducted in any convertible currency through authorised dealers. Investments may be made in foreign currency or imported capital and the investor will be issued a CCI by the authorized dealer within 24 hours of receipt of the capital and appropriate returns must be filed by the dealer with the Central Bank of Nigeria (CBN).

In 2014 and 2015, the CBN, in an attempt to ensure efficient utilization of foreign exchange in the light of dwindling foreign reserves issued several circulars, to the effect that certain services, which hitherto qualified for foreign exchange, are no longer eligible transactions. However, on 15 June 2016, the CBN released revised guidelines on the operations of the Nigerian Interbank Foreign Exchange Market (IFEM) which superseded its circular of October 28, 2014 and all other prior circulars and guidelines on the subject matter. The summary of the guidelines for the operation of the new foreign exchange regime are detailed below:

- The foreign exchange (FX) market will operate as a single market through the IFEM. Participants in the IFEM will include authorised dealers, authorised buyers, oil companies, oil service companies, exporters, end-users, and any other entity the CBN may designate from time to time

- Authorised dealers are permitted to buy and sell FX among themselves on a two-way quote basis via the FMDQ, Thomson Reuters foreign exchange trading systems (TRFXT- Conversional Dealing), or any system approved by the CBN

- Exchange rates will be determined by market forces

- There will no longer be spread restrictions

- The applicable exchange rate for import duty payments shall be the daily IFEM foreign exchange closing rate as published by the CBN

- Proceeds of foreign investment inflows and international monetary transfers shall be purchased by authorised dealers at the IFEM

- The CBN will participate in the IFEM through periodic direct interventions or dynamic "Secondary Market Intervention Mechanisms"

- Primary dealers who meet stated requirements are to be registered to deal directly with the CBN for large deal sizes on a two-way quote basis. These dealers will operate with other authorised dealers.

- The 41 items listed as "Not Valid for Foreign Exchange" in the CBN Circular of 23 June 2015, remain ineligible for foreign exchange on the IFEM. (The list was updated to include fertilizer by the CBN Circular of 10 December 2018). In July 2021, the CBN restricted approval for sugar importation to three companies. Therefore, only the listed companies are eligible to access the official foreign exchange to import sugar into Nigeria.

- The CBN may offer long-tenor foreign exchange forwards to authorised dealers

- Sale of foreign exchange forwards must now be trade-backed, and with no pre-determined spread

- Over-the-counter FX futures will be introduced. Such futures may be bespoke and of non-standard volume

- Restrictions placed against authorised dealers regarding opening Form M in favour of procurement companies. Form M for letters of credit, Bills for collection and any other form of payment can still be opened by authorized dealers, however, the local beneficiaries are required to provide certain documentations regarding the procurement company to CBN.

Non-oil exporters are allowed unfettered access to their FX proceeds, which shall be sold on the IFEM.

Any person may open, maintain, and operate a foreign currency account with an authorised dealer (bank).

Investors and Exporters FX Window

In April 2017, the CBN established the Investors and Exporters FX Window ("the I&E Window") to boost liquidity in the FX market and ensure timely execution and settlement of eligible transactions.

Transactions eligible to access the I&E Window include:

1) Invisible transactions (excluding international airline ticket sales remittance) such as loan repayments, capital repatriation, management services fees, consultancy fees, software subscription fees, technology transfer agreements, personal home remittances and "Miscellaneous Payments" listed under Memorandum 14 of the CBN FX Manual, March 2018.

2) Bills for collection.

3) Any other trade-related obligations (at the instance of the customers).

The I&E Window authorizes importers, exporters, end-users, and CBN-licenced authorised dealers to trade FX at exchange rates determined by the prevailing market circumstances determined by the FMDQ.

Residence and work permits

All foreigners are required to obtain work permits, which are generally granted on the basis of expatriate quota for long term employment approved for their employers, if it can be demonstrated that a Nigerian citizen does not have the required expertise to perform the job. A foreigner that intends to work in Nigeria on short-term basis needs to obtain a Temporary Work Permit (TWP) Visa.

On 4 February 2020, His Excellency, President Muhammadu Buhari (GCFR), signed Nigeria's Visa Policy 2020 (NVP 2020), which details the new guidelines for entry and exit of migrants.

The policy provides for different categories of visa including TWP visa of up to six months. However, the NVP 2020 is not yet fully operational, and the Nigerian Immigration Service is yet to communicate the mode of obtaining the required pre-approval for the 6 months visa. Thus, the maximum duration for any issued TWP is still less than three (3) months. Where there are compelling reasons for the continued stay of a foreigner on TWP, due to extension of the project being executed, the TWP visa may be extended accordingly.

Annual budget announcement

The President presents the annual budget for the fiscal year commencing on 1 January to the joint session of the National Assembly. Thereafter, the Minister of Finance, Budget and National Planning provides a detailed breakdown of the budget.

Trade and bilateral agreements

Membership: Africa, Caribbean and Pacific (ACP), European Union (EU) Partnership Agreement, Organisation of Petroleum Exporting Companies (OPEC), World Trade Organisation (WTO), African Union (AU) and Economic Community of West African States (ECOWAS), African Continental Free Trade Area (AfCTA).

Investment treaties are in force with France, Netherlands, Germany, Switzerland, Romania, Spain, and the UK. Nigeria has signed the 1965 Convention on the Settlement of Investment Disputes.

Economic statistics

Economic statistics (2022)

Prime interest rate	11.78%
CBN MPR	11.50%
US$ exchange rate (new midpoint of official window)	415.08
Inflation rate	15.70%
GDP 2021 (Q4)	₦20.33 trillion (real) – 3.98%

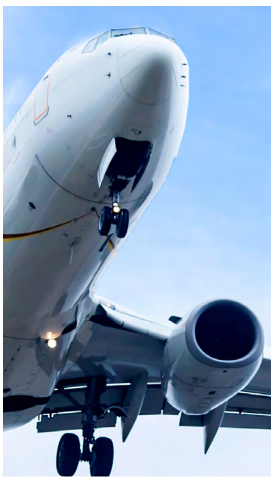
**The table above is as at March 2022*

Nigeria's Gross Domestic Product (GDP) in real terms grew by 3.98% (year-on-year) in Q4 2021, representing a positive growth over the previous year. In Q4 2021, the GDP growth rate depreciated by 0.05% points over the 4.03% growth rate recorded in the preceding quarter (Q3 2021), although, it was 3.87% points higher than Q4 2020. Overall, quarter on quarter, real GDP grew by 9.63% in Q4 2021 compared to Q3 2021. The improved performance reflects an upturn in the country's economic activities and signals the prospect of continued growth in future.

In Q4 2021, contribution from the oil sector declined to 5.19% from 7.49% in Q3, while non-oil contribution rose to 94.81% in Q4 from 92.51% in Q3, 2021. Cumulatively, the contribution of the oil and non-oil sector stood at 7.24% and 92.76% for the year as against 8.16% and 91.84% recorded in 2020. Major contributions by sectors to the annual GDP growth in 2021 include the electricity, gas, steam and air conditioning supply sector (27.57%), water supply, sewerage, waste management and remediation sector (18.34%), transportation and storage sector (16.25%), finance and insurance sector (10.07%), trade sector (8.62%), information and communication sector (6.55%) and agricultural sector (2.17%).

Due to the effects of the COVID-19 pandemic on Nigeria's economy in 2020, the International Monetary Fund (IMF) estimated that Nigeria's GDP will contract by about 4.3% in 2020 and grow by 1.7% in 2021. However, with a 3.98% 2021 Q4 GDP, Nigeria exceeded the IMF projections and achieved its 3% projected GDP growth rate in 2021.

Travel Information



Visa requirements	Other than nationals of ECOWAS member states, visas are required by all foreign passport holders. Business travellers to Nigeria can now process their visa-on-arrival electronically by completing relevant application forms on the Nigeria Immigration Service website (www.immigration.gov.ng) using Mozilla Firefox and Google Chrome browsers, making payment (using MasterCard and Visa payment cards) and obtaining online visa approval.
Flights	Several international carriers fly into Nigeria. There are regular flights between major international hubs, daily regional flights with neighbouring countries and other hubs such as Nairobi and Johannesburg.
Inoculations	Standard requirements

Currency

The Nigerian currency is the Naira (₦ or NGN). It is divided into 100 kobo.

Languages

English is the official language. Hausa, Igbo, and Yoruba are the main languages of the North, South- East and South-West, respectively.

Official holidays (2022)

- New Year's Day (3 January)
- Good Friday (15 April)
- Easter Monday (18 April)
- Worker's Day (1 May)
- Id-el-Fitr* (2-3 May)
- Democracy Day** (12 June)
- Id-el-Kabir* (10-11 July)
- National Day (1 October)
- Id-el-Malud* (8/10 October)
- Christmas Day (25 December)
- Boxing Day (26 December)

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