

# COVID-19: Federal Government Exempts Medical Supplies from VAT and Import Duty

May 2020

**KPMG Nigeria**

On Thursday, 30 April 2020, the Honourable Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed, issued a Circular ("the Circular") conveying the approval of His Excellency, President Muhammadu Buhari (GCFR), of the implementation of new fiscal policy measures aimed at facilitating the importation of essential medical supplies to combat the Coronavirus (COVID-19) pandemic in Nigeria.

Specifically, the Circular exempts importers of specified medical supplies from payment of import duties and value added tax (VAT) on such items for a six-month period in the first instance, with effect from 1 May 2020. The Circular contains the relevant Customs Harmonised System Classification Codes for each exempt item and, directs the Nigeria Customs Service (NCS) to expedite clearance of the medical supplies in line with Standard Operating Procedures for clearing humanitarian and relief materials.

We have summarised the exempt medical supplies as follows:

S/N	Categories	Production Description
1	COVID-19 Test kits and apparatus	<ul style="list-style-type: none"> <li>Diagnostic reagents based on immunological reaction and polymerase chain reaction nucleic acid test</li> <li>Instruments used for In vitro diagnosis</li> </ul>
2	Protective garments	<ul style="list-style-type: none"> <li>Face and eye protection gears such as gas masks with mechanical parts or replaceable filters, masks with eye protector or facial shield, protective spectacles and goggles, plastic face shields</li> <li>Gloves such as plastic gloves, surgical rubber gloves, knitted or crocheted gloves with plastic/rubber coverings, textile gloves</li> <li>Other protective garments, such as disposable hair nets, protective garments for surgical/medical use</li> </ul>
3	Thermometers	<ul style="list-style-type: none"> <li>Liquid filled thermometers</li> <li>Digital or infrared thermometers</li> </ul>
4	Disinfectants/sterilisation products	<ul style="list-style-type: none"> <li>Medical, surgical or laboratory steriliser</li> <li>Other disinfectant preparations, such as rubs and wipes impregnated with alcohol or other disinfectant</li> <li>Other chemical disinfectants</li> </ul>
5	Other medical devices	<ul style="list-style-type: none"> <li>Computed tomography scanners</li> <li>Extracorporeal membrane oxygenation</li> <li>Medical ventilators</li> <li>Other oxygen therapy apparatus, including recognisable parts of such systems</li> <li>Patient monitoring devices, such as pulse oximeters or bedside monitoring stations</li> <li>Flowmeter, Thorpe tube for oxygen</li> <li>Medical suction pumps</li> </ul>
6	Medical consumables	<ul style="list-style-type: none"> <li>Wadding, gauze, bandages, cotton sticks and similar articles</li> <li>Tubular metal needles and needles for sutures</li> <li>Needles, catheters, cannulae, etc.</li> <li>Intubations kits</li> <li>Paper bedsheets</li> </ul>

## Comments

The introduction of fiscal measures exempting medical supplies required to manage the COVID-19 pandemic from import duty and VAT by the Federal Government is a step in the right direction. It is hoped that the importers of the exempted items will pass down the benefit of the fiscal measures to healthcare institutions dealing with COVID-19 cases in the country. It is further hoped that the NCS and port authorities will join hands together to ensure expedited clearance and release of the products and avoid undue delay in the delivery of the much-needed medical supplies to the end-users.

As the Federal Government continues to manage the impact of COVID-19 in Nigeria, it should consider incentivising local production of the required medical supplies by expanding the description of medical supplies and equipment in the List of Pioneer Industries and Products, 2017 eligible for income tax holiday under the Industrial Development (Income Tax Relief) Act. This will be for the long-term benefit of the economy and the healthcare industry in particular.

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## For further enquiries, please contact:

Wole Obayomi

ng-fmtaxenquiries@ng.kpmg.com

