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Meeting to promote specific Industrial
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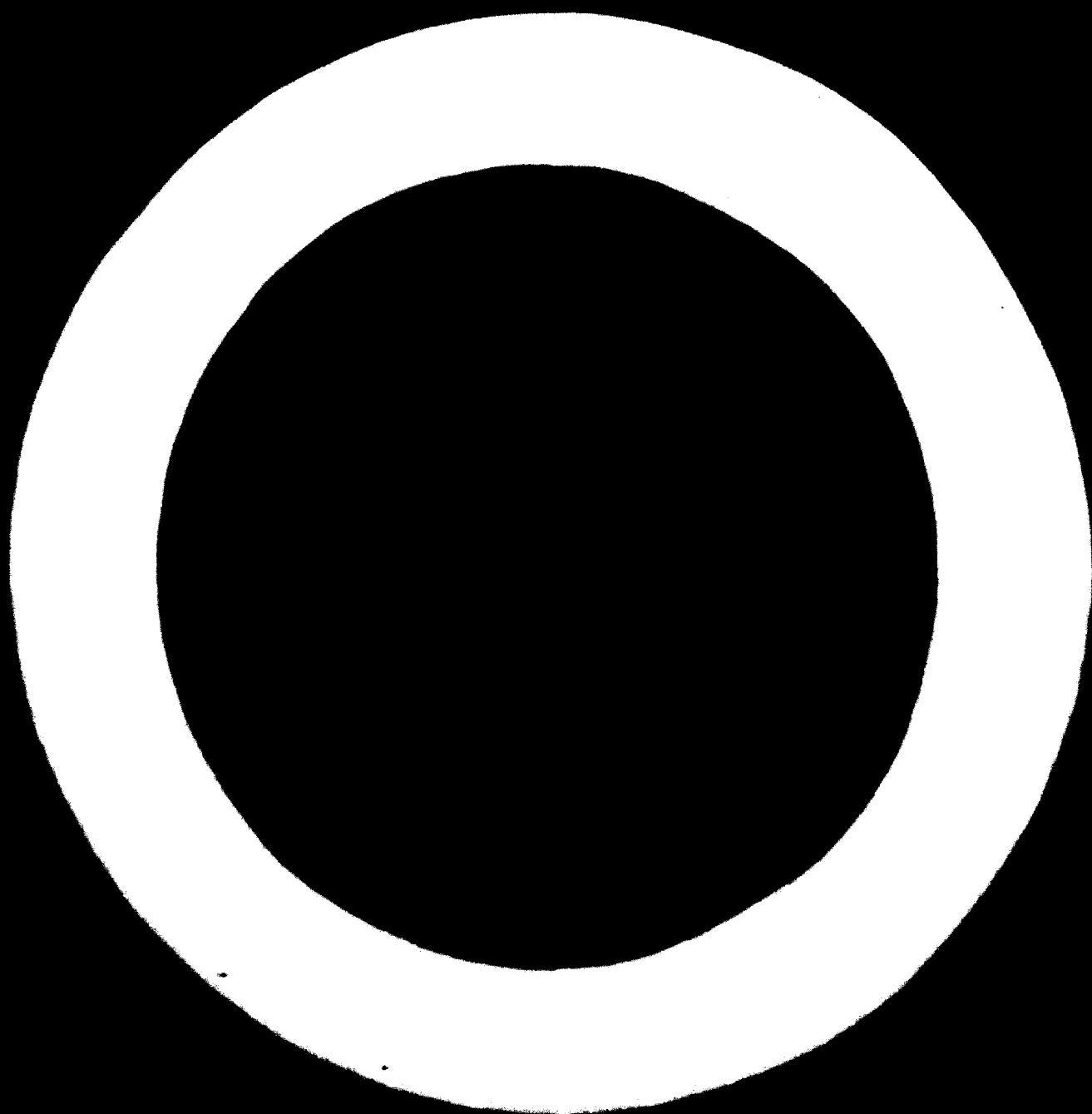
Nairobi, Kenya, 30 November - 4 December 1970

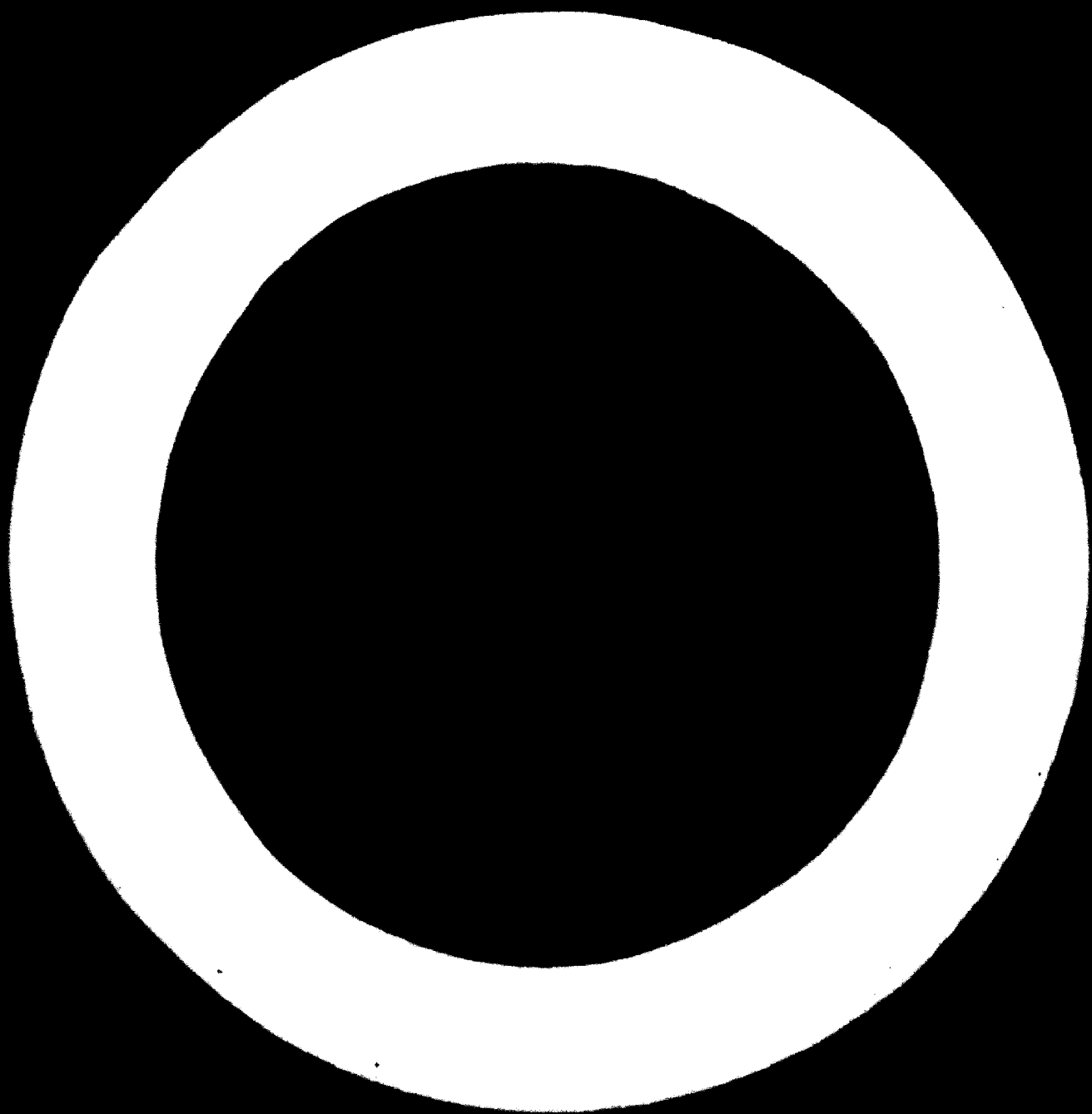
INVESTMENT INCENTIVES ✓

IBERIA

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NIGERIA

I. Incentives granted to industrial investments

- Import duty concessions:

. In approved cases, new or expanding industries can obtain total or partial relief from import duties on raw materials for a period of up to 10 years. Condition: the manufacturer must prove that it is impossible to produce the goods in question at prices low enough to compete with the imported equivalent, or that the imported finished good bears a lower proportion of import duty than the materials imported to manufacture the same article in Nigeria.

. Approved user scheme

Manufacturers may be permitted to import duty free or at concessionary rate of duty certain materials specified in the customs tariff for an initial period of three years: renewals are possible depending on merit.

. Customs drawback

Full repayment of import duty:

- If goods are imported for re-exporting;
- For imported materials used in the manufacture of goods for exports;
- On paper for use in the manufacture of educational goods.

- Protection against foreign competition

. Tariff rates provide protection to domestic industries (normal rate of duty on imports is 33 1/3 per cent ad valorem - in some cases up to 75 or 100 per cent ad valorem).

. Special duty on any goods which are being dumped in Nigeria or subsidized by any foreign government or authority.

- Tax incentives

. Relief from profits tax for 2 years provided that a minimum qualifying capital expenditure of £5,000 has been incurred on fixed assets before production commenced.

. Relief may be granted for 3 additional years:

- If capital expenditure incurred has reached £15,000 after the first 2 years;
- If capital expenditure incurred reaches a total of £50,000 after the third year;
- If capital expenditure incurred reaches a total of £100,000 at the end of the fourth year.

The existing Income Tax Relief Act is now being revised.

If a loss is incurred during an accounting period forming part of the basic tax holiday period, there are provisions for giving relief in respect of the loss from profits made after the whole holiday period has expired.

. Relief from taxation to small businesses incorporated and controlled in Nigeria.

- Special tax holiday provisions for plantations:

- Initial allowances for capital expenditure by industrial firms: 15 per cent for new expenditure on the purchase of plant, machinery and fixtures and 10 per cent for the construction of new industrial buildings.

- Assistance at the pre-investment stage:

. Investment Information and Promotion Centre, Lagos, assists in identifying investment opportunities, prepares pre-investment studies and feasibility studies.

. Industrial Development Centre, Zaria

. Industrial Centre, Cwerri.

- Assistance with physical facilities

Industrial estates have been set up in various parts of the country (Northern, Eastern, Western and Mid-Western Nigeria). Some are provided with services and facilities. The Government has indisputable title to the lands comprising the estates.

- Assistance with financing

. Northern Nigeria Development Corporation provides loans on favourable terms to small industries.

. Western State Development Corporation assists local industries by providing loans.

. Western State Finance Corporation finances and promotes industrial and commercial projects.

. Eastern Nigeria Development Corporation assists local industries with loan capital.

. The Nigerian Industrial Development Bank Ltd. provides medium and long-term finance to privately-owned enterprises.

- Assistance with labour and management

. Fiscal concessions are granted to enterprises for costs incurred in special training programmes.

. Technical training: Colleges of Technology.

II. Industries qualifying for income tax benefits

- . Benefits are granted to industries having been declared "pioneer industries" by pioneer certificate.
- . The industry must observe the conditions stipulated in the certificate. Among those conditions are that:
 - The company should not engage during the tax relief period in any other enterprise except pioneer industry;
 - The company must start operations within one year of the date indicated in the application.

III. Investment Procedures

To obtain a pioneer certificate: a representation must be made to the Federal Ministry of Industries on Form API/1 for consideration by the Federal Government. If the representation is successful, it is open to any company, or body of persons proposing to register a company, which desires to engage in the pioneer industry, to apply to the Ministry on Form API/2 for the issue of a pioneer certificate. Only a public limited liability company registered in Nigeria is eligible for a pioneer certificate. A period of three months is given, if necessary, for the registration of the company after the award of a certificate has been approved. The list of industries and products declared "pioneer" is published by the Government.

IV. Measures concerning foreign investments

- . No restrictions on the ownership in Nigeria by foreigners.
- . Equal treatment for obtaining "approved status" and pioneer certificates.
- . Free transfer of dividends.
- . Repatriation of capital with permission of the Exchange Control Authorities.
- . Full compensation in case of nationalization.
- . Double taxation agreements have been signed with: the United Kingdom, New Zealand, Canada, Sweden, Denmark, Norway, USA, Ghana, Sierra Leone, Gambia.
- . The Government enacted the "International Centre for Settlement of Investment Disputes' (Enforcement of Awards) Decree.

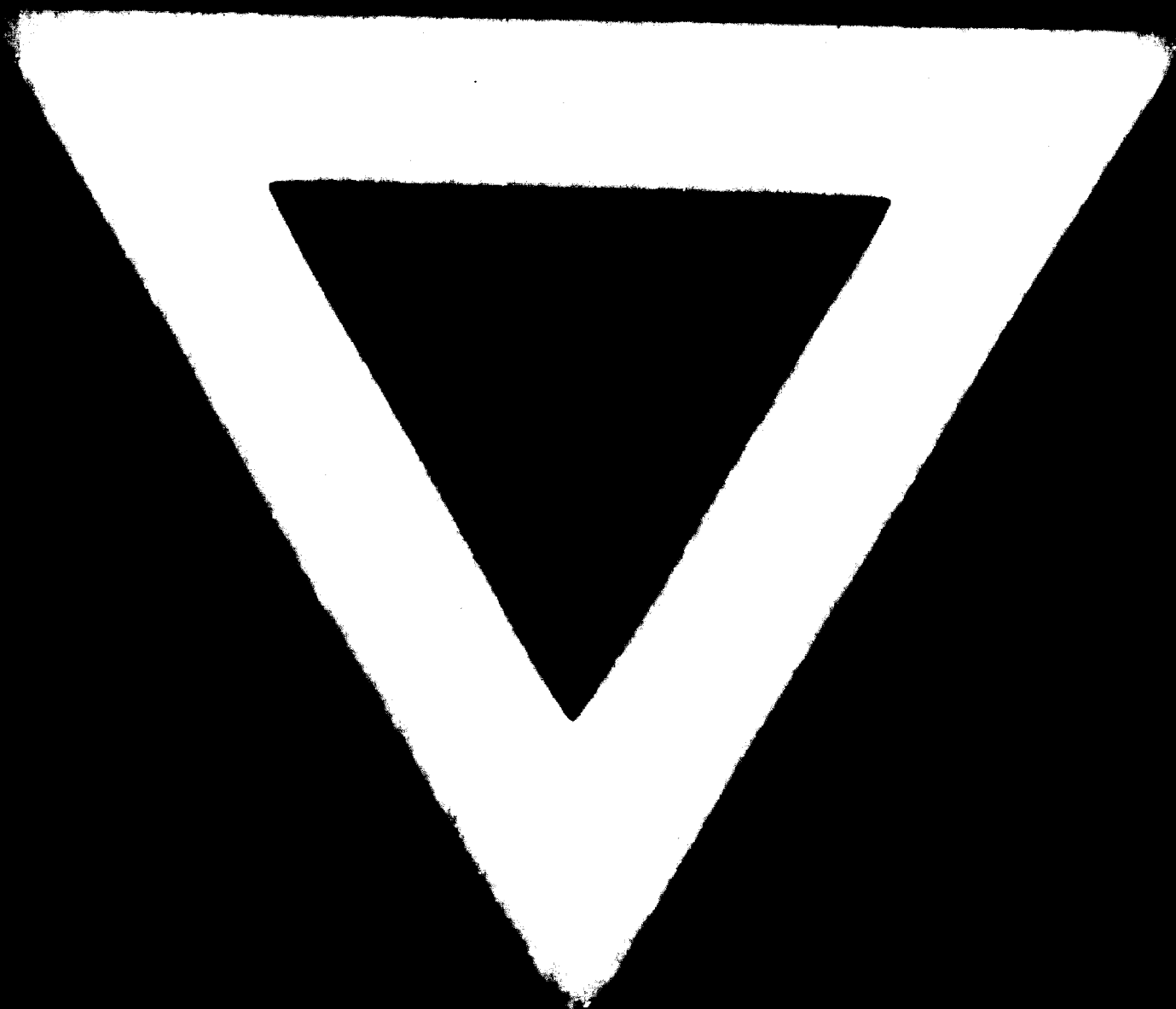
V. Sources of information for investors

- . Ministry of Industry, Lagos
- . Investment Information and Promotion Centre, Lagos.

References

- The Industrial Development (Income Tax Relief) Act, 1958
- The Industrial Development (Import duties Relief) Act, 1957
- The Customs Duties (Dumped and Subsidised Goods) Act, 1958
- The Customs (Drawback) Regulations, 1958
- The Income Tax (Amendment) Act, 1958
- Companies Decree, 1968
- Industrial Directory, published by the Federal Ministry of Information for the Federal Ministry of Industries, Lagos.





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