

A BILL

FOR

AN ACT TO AMEND THE NATIONAL LOTTERY ACT 2005 TO MAKE
CONSEQUENTIAL PROVISIONS FOR EFFECTIVE OPERATION OF LOTTERY IN
NIGERIA AND FOR RELATED MATTERS 2016

Sponsored by Hon. E.Y. Orker Jev

[] Commencement

ENACTED by the National Assembly of the Federal Republic of
Nigeria as follows:

- 1 1. The National Lottery Act 2005 (in this Bill referred to as "the
2 Principal Act") is amended as set out in this Bill; Amendment of
the Lottery Act
2005
- 3 2. The principal act is amended by substituting the words,
4 'National Lottery' and 'any Lottery' with the words 'Lottery' wherever they
5 appear instead thereof.
- 6 3. Section 2 (2) to be amended by the insertion of a new Section 2
7 (2) as follows:
8 Section 2 (2) - The Board shall consist of a:
9 (a) A Part-time Chairman, and a representative each of;
10 (b) The Federal Ministry of Finance;
11 (c) The Federal Ministry of Sports;
12 (d) The Federal Ministry of Health;
13 (e) The Federal Ministry of Education;
14 (f) Six other members, one per geopolitical zone, who shall be
15 persons of integrity possessing cognate experience in relevant fields and
16 versed in regulatory issues; and
17 (g) the Director-General of the Commission.
- 18 4. Sections 10 of the Act is hereby amended by substituting for the
19 marginal note, a new marginal note 'Act,2014 No.64'.
- 20 5. Sections 13 of the Act is hereby amended by deleting the

1 existing subsection (2) and replacing same with a new subsection (2) as
2 follows-

3 “(2) The Commission shall keep proper accounts in respect of each
4 year and proper records in relation to those accounts and shall cause its
5 accounts to be audited within 3 months after the end of each year by
6 independent auditors appointed from the list of independent auditors
7 maintained by the Auditor-General of the Federation and in accordance with
8 guidelines that may be issued from time -to-time by the Auditor-General for the
9 Federation.”

10 6. Section 14B (a)-Notwithstanding anything in Section 14(a) of this
11 Act, the National Lottery Commission Governing Board shall appoint an
12 independent auditor who shall conduct an independent audit for each fiscal
13 year of all accounts and transactions of the lottery especially as it relates to the
14 Prize Fund established under section 24 and the Trust Fund established in
15 Section 35;

16 (b) The independent auditor shall present an audit report to the Board,
17 the Commission, and the Independent Distribution Board;

18 (c) The Director General of the Commission shall cause the audited
19 report to be sent to the National Assembly not later than the 30th days after the
20 end of each financial year;

21 (d) The report shall contain recommendations on improving the
22 efficiency, accountability and transparency of lottery operations;

23 (e) Each lottery operator's and sales agent's records are subject to
24 audit by the Independent Auditor as he deems fit;

25 (f) For the purpose of carrying out the provisions of this section, the
26 auditor may examine all books, records, papers, or other objects that the auditor
27 determines are necessary for conducting a complete examination under this
28 section and may also examine under oath any officer, director, or employee of a
29 lottery operator or sales agent;

30 (g) The auditor may conduct an examination at the principal office or

1 any other office of the lottery operator or sales agent or may require the
2 lottery operator or sales agent to produce the records at the office of the
3 commission or state auditor-

4 “As from the commencement of this Act, the operation of the
5 business of any type of Lottery, by whatever name called, shall be subject to
6 a national lottery license granted by the President upon recommendation by
7 the Commission and compliance with the provisions of this Act or any
8 regulations made pursuant thereto. The holder of any such license shall be
9 entitled to carry out Lottery business across the Federation.”

10 7. Section 17 of the Principal Act is substituting for the following
11 new Section 17-

12 “As from the commencement of this Act, the operation of the
13 business of any type of Lottery, by whatever name called, shall be subject to
14 a national lottery license granted by the President upon recommendation by
15 the Commission and compliance with the provisions of this Act or any
16 regulations made pursuant thereto. The holder of any such license shall be
17 entitled to carry out Lottery business across the Federation.”

18 8. Section 19(1) of the Act is hereby amended as follows-

19 (a) By inserting immediately before the license, the word "national
20 lottery"

21 9. Section 20 of the principal Act is amended in inserting a new
22 Subsection (4) as follows;

23 (4) There shall not exist within a license period more than 3 national
24 licenses provided that where a license has been revoked the commission
25 may grant a license in place of the revoked license.

26 10. Section 21 of the Act is hereby amended as follows-

27 (1) By inserting after the word, 'License,' in paragraph (b) of sub-
28 section (3) the words, “on the recommendation of the Commission”.

29 (2) By inserting a new paragraph (c) in sub-section (3) as follows-

30 “Notwithstanding the provision of sub-section (b) above, the

1 Commission may allow the licence to remain in force, subject to any such
2 further conditions as the Commission may deem necessary and such conditions
3 shall form part of the licence.”

4 **11.** Section 24(3) of the Act is hereby amended by substituting a new
5 Section Sec.24(3)- A Licensee shall pay into the Trust Fund established under
6 section 3S of this Act within a period of not more than 90 days after the
7 determination of the result of each lottery, an amount of 370/0 of the proceed of
8 the lottery.

9 **12.** Section 34 of the Act is hereby amended as follows-

10 (a) By deleting the words "or on inter-state basis" in sub-section (3);

11 (b) By deleting the words "or on inter-state basis" in sub-section (4).

12 **13.** Section 45 of the Act is amended by substituting for the marginal
13 note, a new marginal note “Act, 2014 No.64”.

14 **14.** Section 35(1) is amended by substituting the word "credited"
15 with the word “paid”.

16 **15.** The Act is hereby amended by the insertion of a new Part VI
17 immediately after section 34 as follows-

18 **16.** Section 35A- There is hereby imposed and charged a tax to be
19 known as the Lottery Tax which shall be administered and managed by the
20 federal Board Inland Revenue (in this Act to as “the Board”)-

21 (a)The Lottery Tax shall be computed as income tax at the rate of 10
22 percent on the net proceeds of the Licensee at each assessment year;

23 (b) A Licensee shall compute the tax payable by the Licensee for the
24 year of assessment and forward evidence of direct payment of the whole or part
25 due into a bank designated by the Board;

26 (c) Where the Board is not satisfied with an assessment made by a
27 Licensee, the Board may, according to the best of its judgment, determine the
28 amount of the net proceeds of such company and make an assessment
29 accordingly, but assessment shall not affect any liability otherwise incurred by
30 the Licensee by reason of its assessment;

1 (d) The 50 percent paid by a Licensee into the Prize fund in
2 pursuance of this Act and all contributions made by a Licensee into the Trust
3 Fund referred to in Section 24 of this Act, shall be deductible expenses for
4 the purposes of the Lottery Tax of the paying Licensee;

Tax Deductibility
of payment into
prize and Trust
Funds

5 (e) The Prize Fund shall be tax neutral and accordingly, all moneys
6 accruing to, payments made from, and transactions relating to the Prize
7 Fund shall be exempted from all forms of taxes, levies, duties, charges or
8 imposition however described.

9 (f) Provided that where a Licensee has been assessed for Lottery
10 Tax in any year, the Licensee shall be exempted from the provisions of-

Tax Exemptions

11 (a) Value Added Tax Act (Cap VILFN 2004);

12 (b) Companies Income Tax Act (Cap. C21 LFN. 2004).

13 (c) Any payments made by Licensee prior to the commencement of
14 this Amendment Act under any existing arrangements with and accepted by
15 the Commission is hereby declared to be legal, valid and binding on the
16 Commission and shall be deemed to be full and final settlement of any
17 liabilities or obligations of a licensee under this Act.

Prior Payments

18 15 ... Apportionment of money in the Trust Fund for distribution-
19 Sections 40 of the Act is to be amended by the substitution of a new section
20 40 as follows-

21 Section 40(1) The proceeds of the Trust Fund established under
22 Section 35 of this Act shall be distributed by the Independent Distribution
23 Committee established under Section 36 as follows.

24 (2) To fund projects approved by the President, on the
25 recommendation of the Board of Trustees, for the purposes of such one or
26 more of the following, and in such amounts, as shall not exceed 20% of the
27 total Trust Fund-

28 (a) Sport and recreation;

29 (b) Health of the community;

30 (c) Education;

- 1 (3) Of the balance-
- 2 (a) 30 per cent shall be allocated for expenditure on or connected with
- 3 Sports;
- 4 (b) 30 per cent shall be allocated for expenditure on or connected with
- 5 education;
- 6 (c) 30 per cent shall be allocated for expenditure on or connected with
- 7 Health;
- 8 (d) 10 percent to the cost of administration and distribution of the
- 9 Trust Fund by the Distribution Committee including relevant salaries,
- 10 emoluments and remunerations.

Establishment
and membership
of an Independent
Distribution
Committee

11 17. Section 36 to the Section 39 of the Principal Act is hereby deleted

12 and new sections inserted as follows-

13 Section 36(1)- There shall be appointed for the purposes of this Act,

14 an Independent Distribution Committee.

15 (2) The distribution Committee shall be made up of a Chairman and

16 six members, one per geopolitical zone, who shall be persons of integrity

17 possessing cognate experience in relevant fields and versed in regulatory

18 issues.

19 (3) The Chairman and members of the Board shall-

20 (a) Be appointed by the President and confirmed by the Senate;

21 (b) Serve on a part-time basis;

22 (c) Shall sit twice in a year;

23 (d) And shall have a non-renewable tenure of 2 years each.

24 17. Powers of the Distribution Committee:

25 Section 37 A

26 (1) The Distribution Committee shall, in accordance with the

27 following provisions of this section-

28 (a) Prepare and adopt a strategic plan and module for the distribution

29 of the Trust Fund provided for in Section 35, in accordance with the provisions

30 of the Act;

1 (b) Review and modify any strategic plan which I has adopted;

2 (c) Draw up guidelines on a needs assessment basis for the
3 allocation of the funds to specific bodies within the outlined sectors.

4 (2) In this section "strategic plan", in the case of the distribution
5 Committee, means a statement containing the Committee's policies for the
6 distribution of the Trust Fund established in Section 35 of this Act.

7 (3) A strategic plan must also contain-

8 (a) A statement of any directions given to the Committee by the
9 President (if any);

10 (b) A statement of the estimate given to the Committee as available
11 balance in the Trust Fund or an estimate of the money likely to be available
12 for distribution by the Committee;

13 (c) A statement of the Committee's assessment of the needs which
14 the Committee has power to deal with, in whole or in part, by distributing
15 money under Section 35;

16 (d) A statement of the Committee's priorities in dealing with those
17 needs by the distribution of money available under the Trust Fund.

18 (4) A strategic plan must be such as to demonstrate how the
19 Committee is taking into account or, as the case may be, complying with the
20 directions mentioned in subsection (3).

21 (5) Before adopting a strategic plan, the Committee shall-

22 (a) Consult such other bodies as it thinks fit for the purpose of
23 identifying the needs mentioned in subsection (3)(c) and formulating the
24 policies to be adopted for dealing with those need;

25 (b) Prepare a draft of the proposed plan;

26 (c) Send a copy of the draft to the President or any other authority
27 designated by him;

28 (d) After consultation in accordance with (c) above, make such
29 modifications to the draft as it considers necessary or expedient.

30 (6) Where the Committee adopts a strategic plan-

1 (a)The Committee shall send copies of the document containing the
2 plan to the President and the relevant Ministers;

3 (b) Send a copy of the document to the National Assembly; and

4 (c) Publish information relating to the distribution of money under the
5 Trust Fund or the expenditure of money distributed by the Distribution
6 Committee.

Remuneration

7 18. Section 38A- The Chairman and members of this Committee
8 shall serve on a part-time basis and be paid such remuneration as is determined
9 by the revenue Mobilization and Fiscal Commission in consultation with the
10 Salaries and wages Commission.

Removal

11 19. Section 39A- Any member of the Committee may be removed by
12 the President on the grounds of-

13 (a) Gross Misconduct;

14 (b) Financial Impropriety;

15 (c) Inability to discharge his duties on grounds of insanity or sickness;

16 (d) He resigns his appointment as a member of the Board of Trustees
17 by notice, under his hand, addressed to the President;

18 (e) He becomes bankrupt or makes a compromise with his creditors;

19 (f) He is convicted of a felony or of any offence involving dishonesty
20 or corruption;

21 (g) The President is satisfied that it is not in the interest of the
22 Commission or in the interest of the public for the person to continue in office.

23 20. Section 42 of the Principal Act is amended by deleting subsection
24 42 (b) of the principal Act.

25 21. Section 57 of the Principal Act is amended by inserting, in
26 alphabetical order, the following definitions-

27 "Licensee" means the person to whom a national lottery license has been issued
28 pursuant to this Act;

29 "National Lottery License" means a License issued pursuant to Section 19 of
30 the Act;

1 "Net Proceeds" means that proportion of the Proceeds that remains after
2 payment of Prizes into the Prize Fund and after deduction of deductible
3 Expenses;

4 "Odds" means the average chances of winning;

5 "Proceeds" means the gross monetary amount spent by participants on the
6 purchase of tickets in respect of each lottery conducted under a licence,
7 provided that this does not include monies earmarked for the services of the
8 licensee's collection agents;

9 "Prize Fund" means the fund established under section 24 of the Act into
10 which a certain percentage of proceeds is to be paid.

11 **22.** This Bill may be cited as the National Lottery Act Short Title
12 (Amendment) Bill, 2016.

EXPLANATORY MEMORANDUM

This Bill seeks to make consequential amendments to the National Lottery Act 2005 for the effective operation of Lottery in Nigeria.