

# A BILL

## FOR

AN ACT TO AMEND SECTIONS, 10, 13, 17, 18, 19, 20, 21, 24, 32, 34, 40,45,  
AND 57 OF THE NATIONAL LOTTERY ACT 2005 TO MAKE CONSEQUENTIAL  
PROVISIONS FOR EFFECTIVE OPERATION OF LOTTERY IN NIGERIA AND  
FOR OTHER RELATED MATTERS 2016

*Sponsored by Senator Dinomelaye*

*Senator Obinna Ogba*

[ ] 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  
5           they appear instead thereof.
- 6           3. Section 10 of the Act is hereby amended by substituting for the Amendment of  
Section 10  
7           marginal note, a new marginal note "Act, 2014 No. 64".
- 8           4. Section 13 of the Act is hereby amended by deleting the existing Amendment of  
Section 13  
9           subsection (2) and replacing same with a new subsection (2), as follows-  
10           "(2) The Commission shall keep proper accounts in respect of each  
11           year and proper records in relation to those accounts and shall cause its  
12           accounts to be audited within 3 months after the end of each year by  
13           independent auditors appointed from the list of independent auditors  
14           maintained by the Auditor-General of the Federation and in accordance with  
15           guidelines that may be issued from time-to-time by the Auditor-General for  
16           the Federation."
- 17           5. Section 17 of the principal Act is by substituting for the  
18           following new Section 17-

1 "As from the commencement of this Act, the operation of the business of any  
2 type of Lottery, by whatever name called, shall be subject to a national lottery  
3 license granted by the President upon recommendation by the Commission and  
4 compliance with the provisions of this Act or any regulations made pursuant  
5 thereto. The holder of any such license shall be entitled to carry out the type of  
6 lottery business specified in the national lottery license across the federation."

Amendment of  
Section 18

7           6. Section 18 of the Act is hereby amended by renumbering of the  
8 existing Section 18 as Section 18(1), and substituting "national lottery" with  
9 "pari-mutuel lottery".

10           7. Section 18 of the Act is hereby amended by inserting a new Section  
11 18(2) to read-

12 "Any person or body corporate may submit application for a license for the  
13 operation of fixed-odd lottery, to the President through the Commission in the  
14 prescribed form and upon the payment of such fees as may be prescribed, from  
15 time to time, by the Commission.

Amendment of  
Section 19

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

17           (a) by inserting immediately before license, the word "national  
18 lottery"

19           (b) by deleting in sub-section (1) the words "a national lottery or any  
20 lottery" and substituting with "the lottery being applied for"

21           (c) by deleting in sub-section (1) (b) the words "a national lottery,"  
22 and substituting with "the lottery being applied for".

Amendment of  
Section 20

23           9. Section 20 of the Act is hereby amended as follows -

24           (1) deleting the existing sub-section (1) and replacing same with a  
25 new sub-section (1) as follows:

26 "Subject to sub-section (2) of this section, a licence granted under section 19 of  
27 this Act shall be valid for a period 15 years, the duration of the licence shall be  
28 stated on its face and such licence shall be perpetually renewable upon  
29 application by the licensee.

30           (2) deleting the existing sub-section (2).

1 (3) Section 20 of the Act is hereby amended by renumbering of the  
2 existing Section 20(3) as Section 20 (2),

3 **10.** Section 21 of the Act is hereby amended, as follows-

Amendment of  
Section 21

4 (4) by inserting after the word, "licence," in paragraph (b) of sub-  
5 section (3) the words, "on the recommendation of the Commission".

6 (5) by inserting a new paragraph (c) in sub-section (3) as follows-

7 "Notwithstanding the provision of sub-section (b) above, the Commission  
8 may allow the licence to remain in force, subject to any such further  
9 conditions as the Commission may deem necessary and such conditions  
10 shall form part of the licence".

11 **11.** Section 24(1) of the principal Act is by substituting for the  
12 following new Section 24(1) -

13 "A holder of a national lottery license other than a fixed odds game licence  
14 shall establish an operational fund to be known as the "prize fund" into  
15 which shall be paid a minimum return of 40 per cent of the proceeds of a  
16 national lottery"

17 **12.** Section 24(3) of the Act is hereby amended by-

18 (6) inserting the words "payable from the net" before the word  
19 "proceeds"; and

20 (7) deleting the words "... for the first 5 years of the licence, 25% in  
21 the subsequent 5 years and thereafter 27.5%".

22 **13.** Insert immediately after Section 24 of the principal Act, the  
23 following new 24A.

Amendment of  
Section 24

24 "24A (1) A holder of a fixed odds game license shall establish an  
25 operational fund to be known as the "Fixed-odd Prize Fund" into which shall  
26 be paid a minimum return of 20 per cent of the net proceeds of a fixed-odd  
27 lottery.

28 (2) The Fixed-odd Prize Fund established by the licensee pursuant  
29 to subsection (4) of this section shall be applied exclusively for the payment

1 of prizes in respect of such fixed-odd lotteries from which the proceeds were  
2 realized.

3 (3) A Licensee that operates fixed-odd lottery shall pay to the Trust  
4 Fund established under section 35 of this Act within a period of not more than  
5 90 days after the determination of the result of each lottery, an amount of 40%  
6 of the net proceeds of the lottery.

Amendment of  
Section 34

7 14. Section 34 of the Act is hereby amended as follows -

8 (a) by deleting the words "or on inter-state basis" in subsection (3).

9 (b) by deleting the words "or on inter-state basis" in subsection (4).

Amendment of  
Section 45

10 15. Section 45 of the Act is amended by substituting for the marginal  
11 note, a new marginal note "Act, 2014 No. 64".

12 16. Section 35(1) is amended by substituting the word "credited"  
13 with the word "paid"

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

16 "Part VI"

17 *Imposition of Lottery Companies Income Tax*

Inserting new  
section 35

18 18. 35A: There is hereby imposed and charged a tax to be known as  
19 the Lottery Companies Incomes tax (in this Act referred to as "Lottery Tax")  
20 which shall be administered and managed by the Federal Board Inland  
21 Revenue (in this Act referred to as "the Board")-

22 (a) The Lottery Tax shall be computed at the rate of 10 per cent on the  
23 net proceeds of the Licensee at each assessment year;

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

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

1 incurred by the Licensee by reason of its assessment.

2 *Tax Deductibility of Payment into Prize and Trust Funds*

3 (d) The 40 per cent paid by a Licensee into the Prize Fund in  
4 pursuance of this Act, and all contributions made by a Licensee into the Trust  
5 Fund referred to in section 24 of this Act, shall be deductible expenses for the  
6 purposes of the lottery tax of the paying Licensee.

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

11 *Tax Exemptions*

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

14 (a) Companies Income Tax Act [Cap. C21 LFN. 2004]

15 (b) Value Added Tax Act [Cap V1 LFN. 2004]"

16 *Prior Payments*

17 (g) Any payments made by a Licensee prior to the commencement  
18 of this Amendment Act under any existing arrangements with and accepted  
19 by the Commission is hereby declared to be legal, valid and binding on the  
20 Commission and shall be deemed to be full and final settlement of any  
21 liabilities or obligations of a Licensee under this Act.

22 **19.** Section 57 of the Principal Act is amended by inserting, in  
23 alphabetical order, the following definitions-

24 "Deductible Expenses" means an amount calculated in monetary terms as  
25 30% of the Proceeds deductible by the Licensee from the balance of  
26 "Proceeds" after payment into the Prize Fund;

27 "Federation" means the Federal Republic of Nigeria;

28 "Fixed Odds" means a type of Game within the definition of lottery where  
29 the odds for the winning bet is determined at the time the bet is placed;

30 "Game" means pari-mutuel and fixed odds and any other lottery that has the

Amendment of  
Section 57

1 nature or character of a game;  
2 "Licensee" means the person to whom a national lottery licence has been issued  
3 pursuant to this Act;  
4 "National Lottery License" means a license issued pursuant to Section 19 of the  
5 Act;  
6 "Net Proceeds" means that proportion of the Proceeds that remains after  
7 payment of prizes into the Prize Fund and after deduction of Deductible  
8 Expenses;  
9 "Odds" means the average chances of winning;  
10 "Pari-Mutuel Lottery" means a type of Game within the definition of lottery in  
11 which all lots of a particular type are placed together in a pool to be shared  
12 among the winners;  
13 "Proceeds" means the gross monetary amount spent by participants on the  
14 purchase of tickets in respect of each lottery conducted under a licence,  
15 provided that this does not include monies earmarked for the services of the  
16 licensee's collection agents;  
17 "Prize Fund" means the fund established under section 24 of the Act into which  
18 a certain percentage of Proceeds is to be paid.

Citation

19           **20.** This Bill may be cited as the National Lottery Act 2005  
20 (Amendment) Bill, 2016.

## EXPLANATORY MEMORANDUM

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