

A BILL

FOR

AN ACT TO AMEND THE INDUSTRIAL DEVELOPMENT (INCOME TAX RELIEF) ACT CAP.17, LAWS OF THE FEDERATION OF NIGERIA, 2004 AND FOR RELATED MATTERS, 2019

Sponsored by Senator Sabo Mohammed

[] Commencement

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

- 1 **1.** The Industrial Development (Income Tax Relief) Act CAP.17, Amendment of
- 2 Laws of the Federation of Nigeria, 2004 (hereinafter referred to as "the Cap. 17 LFN,
- 3 Principal Act") is amended as set out in this Bill - 2004
- 4 **2.** Section 1 of the Principal Act is amended- Amendment of
- 5 (a) by inserting a new "subsection (4)" immediately after the Section 1
- 6 existing "subsection (3)", and renumbering accordingly-
- 7 "(4) Notwithstanding the provisions of sections 1 (2) and (3), any
- 8 company expanding its operations in a pioneer industry or pioneer product
- 9 may apply under this Act for the issue of a new pioneer certificate, and
- 10 nothing precludes any company whose application was rejected on the
- 11 grounds of expansion from re-applying for reconsideration under this
- 12 subsection."
- 13 (b) In subsection (4) paragraph (a) and (b) by substituting for the
- 14 figure " N50,000", the figure " N100,000,000", and the figure "N150,000",
- 15 with the figure "N120,000,000" respectively-
- 16 (a) in the case of an indigenous-controlled company, not less than
- 17 N100,000,000; or
- 18 (b) in the case of any other company, not less than N120,000,000;
- 19 (c) by inserting a proviso after the word 'products' in the last line of
- 20 subsection (5)-

1 "Provided that a three (3) year notice period is given for the commencement of
2 the amendment".

3 (d) In subsection (6) paragraph (b) by substituting for "paragraph (b)",
4 a new "paragraph (b)"-

5 "(b) Notwithstanding the provisions of the subsection (5) and (6)(a)
6 of this section, any pending application made before the deletion or removal of
7 the industry or product from the list of pioneer industries and pioneer products
8 shall be processed by the Minister and forwarded to the President for approval
9 or disapproval".

Amendment of
Section 2

10 **3.** Section 2 of the Principal Act is amended-

11 (a) in subsection (4) line 1, by substituting for the figure "N100", the
12 figure "N200,000"-

13 (4) The application shall be accompanied by a fee of N200, 000
14 (which sum shall not be refundable to the applicant, whether the application is
15 approved or not) and the fee shall be credited to the Consolidated Revenue
16 Fund of the Federation.

17 (b) by inserting a new subsection "(7)" immediately after the existing
18 "subsection (6)", that is-

19 (7) All application for pioneer status certificate made pursuant to the
20 provisions of this Bill shall be processed by the Minister and forwarded to the
21 President and a Notice of disapproval or approval shall be issued within one
22 (1) year from the date of submission of application".

Amendment of
Section 3

23 **4.** (a) Section 3(6) of the Principal Act is amended by inserting new
24 "subsections (c) & (d) after the existing subsection (b) to read as follows-

25 (c) for any company whose investment is in the rural area where
26 infrastructures like road, electricity, housing, water etc. are provided by the
27 company, the pioneer certificate may specify the maximum tax relief period,
28 not exceeding seven years; and

29 (d) for any company whose investment is in Agriculture and Agro-
30 processing, where over 90% of inputs are local materials, the pioneer

1 certificate may specify the maximum tax relief period, not exceeding fifteen
2 years.

3 (b) by inserting a new "subsection (7)" immediately after the
4 existing "subsection (6)" to read as follows -

5 "(7) where an application for the issue of a pioneer certificate is
6 made pursuant to section 1 (4) of this Bill, the company shall be required to
7 prepare and maintain separate audited accounts in respect of income and
8 expenditure from the expansion of the pioneer industry or pioneer product."

9 **5.** Section 6 of the Principal Act is amended in subsection (11)
10 paragraphs (a) and (b), by substituting for the sum "N50,000", the figure "
11 N100,000,000", and for the figure "N150,000", the figure "N120,000,000
12 respectively

Amendment of
Section 6

13 (11) Where a certificate issued by the Board Under subsection (5)
14 of this section certifies that the pioneer company has on or before production
15 day incurred qualifying capital expenditure of an amount which-

16 (a) in the case of an indigenous-controlled company, is less than
17 N100,000,000; or

18 (b) in the case of any other company, is less than N120,000,000
19 Commissioner shall report that fact to the President and the President shall
20 cancel the pioneer certificate of the company.

21 **6.** Section 25 of the Principal Act is amended by inserting the
22 definition of the words:

Amendment of
Section 25

23 "Commission" means Nigeria Investment Promotion Commission (NIPC)
24 immediately after the definition of the words "company".

25 "Board" means Federal Inland Revenue Service established under section 1
26 of the Principal Act.

27 **7.** This Bill may be cited as the Industrial Development (Income
28 Tax Relief) (Amendment) Bill, 2019.

Citation

EXPLANATORY MEMORANDUM

This Bill seeks to increase the capital expenditure for companies applying for pioneer status under the provisions of this Bill from N50,000 to N100,000,000 for indigenous controlled companies and from N150,000 as stipulated in the Principal Act for other companies to N120,000,000. The application fee of N100,000 is also increased to N200,000 to reflect value of the Naira and recent administrative changes introduced by the Council. The Bill further recognizes the need to provide the necessary incentives for additional investments by companies. Fundamentally, all proposed amendment is meant to ensure smooth implementation of the pioneer status incentive scheme by NIPC.