NIGERIA TAX ACT, 2025

EXPLANATORY MEMORANDUM

This Act repeals certain tax Acts and enacts the Nigeria Tax Act, 2025 to provide for taxation of income, transactions and instruments.

TheNigeriaLawyer

NIGERIA TAX ACT, 2025

Arrangement of Sections

Section:
CHAPTER ONE — OBJECTIVE AND APPLICATION
1. Objective
2. Application
CHAPTER TWO — TAXATION OF INCOME OF PERSONS
PART 1 — IMPOSITION OF TAX ON INCOME, PROFITS OR GAINS
3. Imposition of tax
4. Income, profits or gains chargeable to tax
5. Chargeability to tax
PART II — TAXATION OF RESIDENT PERSONS
6. Nigerian company
7. Nigerian dividends
8. Profits of a company from certain dividends
9. Substitution of dividend for total profit
10. Certain undistributed profits may be treated as distributed
11. Partnership of companies
12. Resident individual
13. Employment income
14. Benefits-in-kind
15. Partnership of individuals
16. Settlements, trusts and estates
PART III — TAXATION OF NON-RESIDENT PERSONS
17. Non-resident person
18. Non-resident person engaged in shipping or air transport
19. Nigerian dividends received by non-resident persons
PART IV — ASCERTAINMENT OF PROFITS AND INCOME
20. Deductions allowed
21. Deductions not allowed
PART V — ASCERTAINMENT OF ASSESSABLE PROFITS AND INCOME
22. Basis for computing assessable profits for trade or business
23. Change in accounting date

TheNigeriaLawyer

24. Cessation of trade or business
25. Continuity of trades
26. Basis for computing assessable income
PART VI — ASCERTAINMENT OF TOTAL PROFITS OF COMPANIES
27. Ascertainment of total profits of companies
PART VII — ASCERTAINMENT OF TOTAL INCOME OF AN INDIVIDUAL
28. Total income of an individual
29. Presumptive taxation
30. Ascertainment of chargeable income of individuals
31. Deductions to be claimed
32. Proof of claims
PART VIII — ASCERTAINMENT OF CHARGEABLE GAINS
33. Chargeable gains
34. Chargeable assets
35. Disposal of assets
36. Disposal of assets, provisions as to considerations
37. Compulsory acquisition of land
38. Date of acquisition or disposal
39. Computation of chargeable gains
40. Expenses incurred for disposal of chargeable assets
41. Part disposal
42. Consideration due after time of disposal
43. Assets lost or destroyed
44. Bargains comprising two or more transactions
45. Valuation at market value
46. Location of assets
47. Indirect transfer of ownership of companies or assets
48. Life assurance policies
49. Rights under policies of insurance, other than life assurance policies
50. Personal injury
51. Principal private residences
52. Personal chattels
53. Motor vehicles
54. Gifts

TheNigeriaLawyer

55. Assets held in trust for charities
PART IX — RATES OF TAX
56. Rate of tax for companies
57. Effective tax rate
58. Rates of tax for individuals
PART X — DEVELOPMENT LEVY
59. Development levy
PART XI — SPECIALISED TRADE OR BUSINESS
60. Export processing and free trade zone entities
61. Insurance trade or business
62. Lottery and gaming trade or business
63. Collective investment scheme
64. Mining operations
CHAPTER THREE — TAXATION OF INCOME FROM PETROLEUM OPERATIONS
PART I — HYDROCARBON TAX, ASCERTAINMENT OF CHARGEABLE TAX, ASCERTAINMENT OF CHARGEABLE PROFITS AND CONSOLIDATION FOR TAX PURPOSES
65. Application of this Part
66. Charge of hydrocarbon tax
67. Ascertainment of crude oil revenue, adjusted profit, assessable profits
68. Allowable deductions
69. Deductions not allowed
70. Assessable profits and losses
71. Chargeable profits and allowances
72. Chargeable hydrocarbon tax
73. Additional chargeable tax payable in certain circumstances
74. Pre-production cost
75. Trade or business sold or transferred
76. Consolidation of costs and revenue
77. Partnerships
78. Income tax on petroleum operations
79. Registration and use of separate company for each stream of petroleum operations
80. Provisions relating to gas
81. Allowances for the purposes of income tax on petroleum operations

TheNigeriaLawyer

82. Expense deductibility
83. Basis period for income tax on petroleum operations
84. Additional income tax payable in certain circumstances
85. Non-Associated gas greenfield developments in onshore and shallow water terrains
86. Provision relating to decommissioning and abandonment of funds
87. General application of this Part and other matters
88. Fiscal stabilisation
89. Petroleum royalty
PART II — PETROLEUM PROFITS TAX
IMPOSITION OF TAX AND ASCERTAINMENT OF CHARGEABLE PROFITS, ASCERTAINMENT OF ASSESSABLE TAX AND OF CHARGEABLE TAX
90. Charge of petroleum profits tax
91. Ascertainment of profits, adjusted profit, assessable profits and chargeable profits
92. Deductions allowed
93. Incentives for utilisation of associated gas
94. Application of incentives to utilisation of non-associated gas
95. Deductions not allowed
96. Exclusion of certain profits
97. Assessable profits and losses
98. Chargeable profits and capital allowances
99. Assessable petroleum profits tax
100. Additional chargeable tax payable in certain circumstances
101. Partnerships
PART III — DEEP OFFSHORE AND INLAND BASIN PRODUCTION SHARING CONTRACTS
102. Production sharing contracts
103. Duration of oil prospecting licence
104. Determination of petroleum profits tax
105. Determination of investment tax allowance
106. Royalty payable in respect of deep offshore production sharing contracts
107. Computation of petroleum profit tax
108. Allocation of royalty oil
109. Allocation of cost oil

TheNigeriaLawyer

110. Allocation of tax oil
111. Allocation of profit oil
112. Payment royalty
113. Chargeable tax petroleum operations
114. Use of realisable price in determining royalty and petroleum profits tax in respect of crude oil
115. Submission of receipts
116. Adaptation of laws
117. Review of the production sharing contract
PART IV — MISCELLANEOUS PROVISIONS
118. Administration of royalties
119. Interpretation
CHAPTER FOUR — RELIEF FOR DOUBLE TAXATION
120. Unilateral relief of double taxation
121. Double taxation agreement
122. Method of calculating relief to be allowed for double taxation
123. Interpretation
CHAPTER FIVE — TAXATION OF DUTIABLE INSTRUMENTS
PART I — IMPOSITION OF STAMP DUTIES
124. Charge of duties
125. Manner of denoting duty
126. Obligation to stamp
127. Admissible evidence
PART II — CHARGEABLE INSTRUMENTS
128. Bill of exchange
129. Promissory Note
130. Sale or purchase of options
131. Conveyance on sale
132. Conveyance in consideration of a debt
133. Duty on transfer of mineral assets
134. Provisions as to exchange
135. Leases
136. Duty on share capital
137. Duty on loan capital

TheNigeriaLawyer

138. Marketable security
139. Appraisements
PART III — MISCELLANEOUS PROVISIONS
140. Duplicates and counterparts
141. Duty relating to one instrument covering multiple transactions
142. Duty relating to multiple instruments covering same transaction
143. Provisions on non-monetary consideration
CHAPTER SIX — VALUE ADDED TAX
PART I — IMPOSITION OF VALUE ADDED TAX
144. Imposition of value added tax
145. Charge of VAT
146. Taxable supplies
147. Time of supply
148. Rate of VAT
149. Value of taxable supplies
150. Value of imported taxable supply
151. Taxable supply of non-residents
PART II — REMITTANCES AND RECOVERY OF VAT
152. Payment of VAT by taxable person
153. VAT Invoice
154. Collection of VAT by taxable person
155. Collection of VAT by persons other than the supplier
156. Credit for input tax and remission of VAT
157. Business sold out
158. Fiscalisation of supplies for VAT
CHAPTER SEVEN — SURCHARGE
159. Imposition of surcharge
160. Chargeable transaction and base for surcharge
161. Administration of the surcharge
162. Exemption from surcharge
CHAPTER EIGHT — TAX INCENTIVES
PART I — INCOME TAX EXEMPTIONS
163. Income tax exemption
164. Deductible donations

TheNigeriaLawyer

165. Deduction for research and development
PART II — ECONOMIC DEVELOPMENT TAX INCENTIVES
166. Priority sectors
167. Eligibility for economic development incentive certificate
168. Application for economic development incentive certificate
169. Approval of application
170. Terms of economic development incentive certificate
171. Addition of product to the economic development incentive certificate
172. Application of economic development incentive certificate
173. Production day and qualifying capital expenditure
174. Cancellation of economic development incentive certificate
175. Information
176. Publication of economic development incentive certificate
177. Economic development tax credit
178. Economic development incentive period
179. Books and records for priority products
180. Returns of profits
181. Cancellation or discountenance of economic development tax credit
182. Provisions for plantation industry
183. Exclusion from other reliefs and transition arrangements
184. Interpretation
PART III — EXEMPTION FROM STAMP DUTIES
185. Exemption from stamp duties
PART IV — EXEMPTION FROM VAT
186. Exempt supplies
187. Taxable supplies chargeable at 0%
188. Exemption by order of the President
189. Interpretation
CHAPTER NINE — GENERAL PROVISIONS
190. Business restructuring
191. Artificial transactions
192. Transactions between related parties to be at arm's length
193. Waivers or refund of liability or expenses
194. Supplemental

TheNigeriaLawyer

195. Power to make regulation
196. Repeals
197. Consequential amendments
198. Revocation and consequential amendment of subsidiary legislation
199. Savings provisions
200. Exercise of powers, duties and obligations
201. Conflict with other laws
202. General interpretation
203. Citation
Schedules

TheNigeriaLawyer

NIGERIA TAX ACT, 2025

A Bill

For

An Act to repeal the Capital Gains Tax Act, the Casino Act, the Companies Income Tax Act, the Deep Offshore and Inland Basin Production Sharing Contracts Act, the Industrial Development (Income Tax Relief) Act, Income Tax (Authorised Communications) Act, Personal Income Tax Act, Stamp Duties Act, Value Added Tax Act and the Venture Capital (Incentives) Act to amend the Nigeria Export Processing Zones Act, the Oil and Gas Free Trade Zone Act, the National Information Technology Development Agency Act, Petroleum Industry Act, Tertiary Education Trust Fund (Establishment, etc.) Act, the National Agency for Science and Engineering Infrastructure Act, the Customs, Excise Tariffs, etc. (Consolidation) Act, the National Lottery Act, the Nigerian Minerals and Mining Act, the Nigeria Start-up Act, the Export (Incentives and Miscellaneous Provisions) Act, the Cybercrime (Prohibition, Prevention, etc.) Act, to revoke the Value Added Tax Act (Modification) Order 2021, to amend the Companies Income Tax (Significant Economic Presence) Order, 2020 and the Petroleum (Drilling and Production) Regulations 1969, to consolidate the legal frameworks relating to taxation and enact the Nigeria Tax Act to provide for taxation of income, transactions and instruments; and for related matters.

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria —

CHAPTER ONE — OBJECTIVE AND APPLICATION

1. The objective of this Act is to provide a unified fiscal legislation governing taxation in Nigeria. Objective

2. This Act applies throughout Nigeria to any person required to comply with any provision of the tax laws whether personally or on behalf of another person. Application

CHAPTER TWO — TAXATION OF INCOME OF PERSONS

PART 1 — IMPOSITION OF TAX ON INCOME, PROFITS OR GAINS

3. Income tax shall be determined in accordance with the provisions of this Act, and imposed on the— Imposition of tax

(a) profits or gains of any company or enterprise;

(b) income of any individual or family; and

(c) income arising, accruing or due to a trustee, or an estate.

4. (1) Income, profits or gains of a person accruing in or derived from Nigeria, including — Income, profits or gains chargeable to tax

(a) profits or gains from any trade, business, profession or vocation

TheNigeriaLawyer

for whatever period of time such trade or business may have been carried on;

(b) royalties, fees, rents or interests arising from a right granted for the use, exploitation or occupation of any property;

(c) dividends, premium, charges or annuities;

(d) fees, dues, allowances, or any remuneration for services rendered;

(e) discounts or rebates;

(f) disposal of money or money instruments;

(g) income, profits or gains from disposal or lending of securities;

(h) prizes, winnings, honoraria, grants, awards, laurels, etc.;

(i) profits or gains from the disposal of property or fixed assets;

(i) profits or gains from transactions in digital or virtual assets;

(j) any other income, profit or gain not falling within the preceding categories.

(2) Income, profits or gains of an individual, including —

(a) salaries, wages, fees, allowances, compensations, bonuses, premiums, benefits or other perquisites allowed, given or granted by any person to any employee other than payment for expenses incurred in the performance of the duties of the employment, and from which it is not intended that the employee should make any profit or gain;

(b) any pension, annuity or any other similar income.

(3) Income of a family recognised under any law or custom in Nigeria as family income in which the several interests of individual members of the family cannot be separately determined, excluding income on inherited assets before distribution.

(4) Income arising to a trustee of any settlement or trust, or estate or to an executor of any estate of a deceased person.

(5) Any other income, profit or gain not falling within the preceding categories.

(6) For the purposes of this section —

(a) Interest —

(i) accrues in Nigeria where the liability to its payment falls upon

TheNigeriaLawyer

a resident of Nigeria or Nigerian permanent establishment of a non-resident person regardless of where or in what form the interest is paid,

(ii) includes, penal interests and any payment similar to interest, income from any government or corporate securities, bonds or debentures, premiums or prizes attaching to such securities, bonds or debentures, discounts, fees, premium, share of profit in non-interest finance arrangements, finance cost element in a finance lease, or foreign exchange differences arising in relation to securities, any payment in relation to derivatives used in hedging securities, or any other payment of similar nature,

(iii) in respect of debts, includes return on discounted papers, income from debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits or foreign exchange differences arising in relation to a debt, and

(iv) in respect of regulated securities lending transactions, includes compensating payments received by a borrower from its approved agent or a lender, provided that the underlying transaction giving rise to the compensating payment is a receipt of interest by a lender on the collateral it received from its approved agent or a borrower;

(b) Dividend includes, in relation to —

(i) a company that is not in the process of being wound up or liquidated, profits, in any form, shared or distributed to the shareholders, including an amount equal to the nominal value of bonus shares, debentures or securities awarded to the company's shareholders,

(ii) a company that is being wound up or liquidated, any distribution, whether in money or money's worth, earned before or during the winding up or liquidation, and

(iii) regulated securities lending transaction, compensating payments received by a lender from its approved agent or borrower;

(c) "royalty" includes payments of any kind received or receivable, paid or payable as a consideration for the use of, or the right to use or exploit any property;

(d) "money instruments" means instruments traded in money markets including government securities, treasury Acts, treasury or savings certificates, debenture certificates, commercial papers, certificates

TheNigeriaLawyer

of deposits, call money, commercial Acts, treasury bonds, and any other money instrument.

(e) the transfer of securities or shares under a regulated securities lending transaction shall not amount to a disposal, provided that such securities or shares are transferred from a lender and subsequently returned by the borrower to the lender.

5. (1) A company may be charged to tax — Chargeability to tax

(a) in its own name;

(b) in the name of any principal officer, attorney, factor, agent or representative of the company in Nigeria in the same manner or amount that the company would have been charged; or

(c) in the name of its receiver, liquidator, or administrator, in the same manner or amount that the company would have been charged if no receiver, liquidator or administrator had been appointed.

(2) An individual may be charged to tax —

(a) in the individual's name;

(b) in the name of a family, trustee or estate; or

(c) in the name of an administrator, or any attorney, agent or representative in Nigeria, in like manner and to like amount as such an individual would have been charged if no administrator, attorney, agent or representative had been appointed.

PART II — TAXATION OF RESIDENT PERSONS

6. (1) The profits of a Nigerian company are deemed to accrue in Nigeria wherever the profits arise and whether or not such profits have been brought into or received in Nigeria. Nigerian company

(2) Where a foreign company which is controlled by a Nigerian company has not, in a year, distributed profits to its shareholders, the proportion of the profits of the controlled foreign company attributable to the Nigerian company, which could have been distributed without detriment to the company's business shall be construed as distributed and included in the profits of the Nigerian company for the purposes of subsection (1).

(3) Where the income tax paid by a non-resident company which is a subsidiary of a Nigerian company or a member of a multinational group of a Nigerian company in any year yields less than the minimum effective tax rate prescribed by this Act, the Nigerian parent company shall pay an amount to

TheNigeriaLawyer

make that non-resident subsidiary's income tax equal to the minimum effective tax rate.

(4) The Service shall provide detailed rules for the implementation of subsections (2) and (3).

7. (1) Nigerian dividends include — Nigerian dividends

(a) dividend distributed by a Nigerian company, and shall be the gross amount of that dividend before any deduction; and

(b) any amount of the undistributed profit of a Nigerian company, which is treated as distributed under the provisions of any law in Nigeria.

(2) The income from a dividend distributed by a Nigerian company is deemed to arise on the day on which payment of that dividend becomes due.

8. (1) A company shall include dividend income in its profits, gross of any tax paid or deducted at source. Profits of a company from certain dividends

(2) Dividends received by a Nigerian company by way of shares of the paying company shall not be included in its profits chargeable to tax under this Act and shall not be subject to the deduction prescribed under section 51 of Nigeria Tax Administration Act, 2025.

9. (1) Where a Nigerian company declares dividend out of profits on which no tax is payable due to — Substitution of dividend for total profit

(a) there being no total profits; or

(b) total profits which are less than the amount of dividend which it declared, whether or not the recipient of the dividend is a Nigerian company,

the company paying the dividend shall be charged to tax at the rate prescribed in section 56 of this Act as if the dividend is the total profits of the company for the year of assessment to which the accounts, out of which the dividend is declared, relates.

(2) The provisions of subsection (1) shall not apply to —

(a) dividends declared out of the retained earnings of a company, to the extent that the profits or gains included in the retained earnings have been taxed under the provisions of this Act;

(b) dividends declared out of profits or gains that are exempt from income tax by this Act;

TheNigeriaLawyer

(c) franked investment income as provided in this Act; or

(d) distributions made by a real estate investment company to its shareholders from rental income and dividend income received on behalf of those shareholders, whether such dividends are paid out of profits of the year in which the dividend is declared or out of profits of previous reporting periods.

Certain undistributed profits may be treated as distributed

10. (1) Where a Nigerian company controlled by not more than five individuals, has not distributed to its shareholders as dividend, profits made in any period for which accounts have been made up by such company, the Service may direct that the proportion of the profits of the company, which could have been distributed without detriment to the company's business, be construed as distributed.

(2) The gross amount of profits construed as distributed under the provisions of subsection (1) shall constitute a taxable income in the hand of individual shareholders of the company in proportion to their shareholdings in the ordinary capital of the company on the day of the deemed distribution.

(3) Any direction by the Service under this section shall be made in writing, and be served on the company, and shall specify the —

(a) day to be taken for the purposes of this section;

(b) gross amount of those profits so deemed to be distributed;

(c) rate applied for the deduction at source, being the rate prescribed by Nigeria Tax Administration Act, 2025; and

(d) net amount after the deduction at source.

(4) For the purposes of this section, the Service may give notice to any company, which it has reason to believe is controlled by not more than five individuals, requiring it to supply, within such time as contained in such notice, full particulars of its shareholders.

(5) In the case of a limited liability partnership, all the profits of the partnership shall be deemed as distributed, and taxable income, proportionately, in the hands of the respective partners.

(6) Any direction by the Service under this section with respect to the profits of any accounting period of a company shall be made not later than three years after the receipt by the Service of the duly audited accounts of the company for that period.

TheNigeriaLawyer

(7) A company in respect of which a direction is made under this section, shall have a right of appeal in accordance with Chapter Two of Nigeria Tax Administration Act, 2025.

11. Partnership of companies

(1) Where two or more companies carry out a trade or business in a partnership, joint venture or a similar arrangement in Nigeria, any income or profit arising therefrom shall constitute a source of profits and each company's share shall be taxed separately.

(2) Where any of the companies in the partnership is a non-resident, its share of income or profit from the partnership is chargeable to tax under this Act.

(3) In the case of partnership carried on in a country other than Nigeria, the partner that is taxable in Nigeria shall include its share of revenue and cost, or profits in its assessable profits for the relevant year of assessment, and shall supply to the tax authority, particulars of the determination of the revenue and cost, or profit, with necessary adjustments made in accordance with the relevant provisions of Chapter Two of this Act.

(4) The provisions of this section shall not apply to any partnership engaged in petroleum operations under Chapter Three of this Act.

12. Resident Individual

The income, gains or profits of an individual who is a resident of Nigeria are deemed to accrue in Nigeria and are chargeable to tax in Nigeria wherever they arise, and whether or not the income, profits or gains have been brought into or received in Nigeria.

13. Employment Income

(1) The income, gain or profit from an employment is derived from Nigeria where —

(a) the employee is a resident of Nigeria; or

(b) the duties of the employment are wholly or partly performed in Nigeria and the remuneration is —

(i) paid by, or on behalf of, an employer who is a resident of Nigeria;

(ii) borne by a Nigerian fixed base, permanent establishment or any other form of taxable presence of a non-resident employer; or

(iii) not liable to tax in the employee's country of tax residence.

(2) Notwithstanding the provisions of subsection (1)(b), the employment income of a non-resident employee shall not be taxed in Nigeria where the —

TheNigeriaLawyer

(a) employer is a start-up, or is engaged in technology-driven services or creative arts; and

(b) the employment income is taxable in the employee's country of tax residence.

(3) The remunerations of an employee of the Government of Nigeria is derived from Nigeria where the employee performs the duties of that employment in a country which, under an agreement or diplomatic privileges, exempts the remuneration from tax.

(4) Where the duties of an employment are wholly or mainly performed in Nigeria, the remuneration from the employment during any period of leave or temporary absence from Nigeria is derived from Nigeria.

(5) Notwithstanding the provisions of this section, the remuneration of an individual from an employment is chargeable to tax in Nigeria where the individual is a —

(a) seafarer serving under articles which he had signed in Nigeria, or is performing a stand-by duty on-board a ship preparatory to his signing articles in Nigeria;

(b) Nigerian and performs the duties of that employment in a foreign country, and that country exempts the remuneration from tax under an agreement or diplomatic arrangement to which Nigeria is a party; or

(c) Nigerian and performs the duties of the employment in Nigeria for a foreign country or international organisation, and that remuneration is not subject to tax in any other country under an agreement or diplomatic arrangement to which Nigeria is a party.

(6) For the purposes of this section —

(a) "financial technology" means the development and use of software or technology as the primary and principal mode of providing financial solution or service;

(b) "shared services" means services provided by a member of a group of companies solely and exclusively to the other members of the group; and

(c) "Startup" means a Nigerian company granted start-up label under the Nigeria Startup Act, 2022."

TheNigeriaLawyer

(d) "technology driven services" means financial technology (fintech), shared services, computer software or application development, virtual learning or any other business that the Minister may designate, by Order published in the Official Gazette;

14. (1) Where an employer incurs an expense in the provision of any benefit or perquisite, other than the provision of living accommodation to which this section relates, the following provisions shall apply — Benefits-in-kind

(a) where any asset belonging to the employer is used wholly or partly in the making of such provisions, the employee is deemed to have earned annual benefit of an amount equal to 5% of the amount expended by the employer in acquiring the asset, but if that amount cannot be so ascertained, 5% of the market value of the asset at the time of the acquisition, as may be determined by the relevant tax authority;

(b) where any sum by way of rent or hire is payable by the employer in respect of any such asset, the employee is deemed to have earned annual benefit of an amount equal to the annual amount of the rent or hire payable by the employer on the asset; and

(c) in any other case, the employee is deemed to have earned annual benefits equal to the annual amount expended by the employer in connection with the benefit thereon.

(2) The amount of benefit under subsection (1)(a) shall be reduced by so much of any expense made by the employee in respect thereon.

(3) The provisions of this section shall not apply to any expenses incurred by an employer —

(a) in connection with the provision of meals in any canteen in which meals are provided for the staff generally or meal vouchers for employees;

(b) in the provision of any uniform, overall or other protective clothing, work tools or work equipment; or

(c) in connection with change in place of residence of the employee by reason of a change of the employee's employment or place of exercising the employment.

(4) A reference in this subsection to expenses incurred in connection with any matter includes a reference to a proportion of any expenses incurred partly in connection with that matter.

TheNigeriaLawyer

(5) A reference in this section to anything provided for an employee shall, unless the reference is expressly to something provided for the employee, be construed as including a reference to anything provided for the spouse, family, servant, dependant or guest of that employee by the employer.

(6) Where premises in Nigeria are made available by an employer to the employee, the spouse or family, and the employee —

(a) pays no rent for the premises; or

(b) pays a rent less than the annual rental value of the premises, the employee shall be treated as being in receipt of additional emoluments equal to the annual rental value of the premises subject to a maximum of 20% of annual gross income from the employment, excluding the rental value.

(7) In this section, "annual value of the premises" means —

(a) in relation to premises that are subject to a law governing assessment of local rates, the annual rental value of the premises as determined for the purposes of local rates under that law;

(b) in any other case, the annual rental value as determined by the relevant tax authority; and

(c) a reference in this section to annual value shall include a reference, where applicable, to such proper proportion of the annual value in relation to —

(i) a period of occupation within a year,

(ii) the part of the premises occupied, or

(iii) both a period of occupation within a year and the part of the premises occupied, as may be determined by the relevant tax authority.

15. (1) The gains or profits of a partner from a partnership shall be the sum of — Partnership of individuals

(a) any remuneration, interest on capital, cost of passages wholly or mainly undertaken for the purpose of leave or recreation, or any other perquisite or benefits in kind which is charged to the partnership accounts in respect of that partner; and

(b) the partner's share in the profits of the partnership, computed in accordance with Chapter two of this Act, after the deduction of charges to which paragraph (a) applies in respect of all the partners,

TheNigeriaLawyer

Provided that in arriving at the gains or profits of a partnership, private or domestic expense of a partner shall not be deducted.

(2) Where the income computed under subsection (1) (b) results in a loss for the partnership, the partner's share of the loss shall be deducted from the gains or profits ascertained under the provisions of subsection (1) (a) and the partner shall be deemed to have incurred a loss in the trade or business of the partnership to the extent, if any, by which the deductible share of loss exceeds those gains or profits.

(3) For the purpose of subsection (1), a partner's share of the partnership's profits or losses shall be determined in the proportion specified in the partnership agreement as if the entire profits or losses were distributed among the partners, and where there is no partnership agreement, the profits or loss of the partnership shall be distributed equally among the partners,

Provided that any person, whether resident or non-resident, who shares in the profits of a Nigerian partnership shall file returns in his name and pay the applicable tax.

(4) The gains, profits or losses of a partner for any period, ascertained under this section, shall be deemed, for the purposes of Chapter Two of this Act, to be the partner's income or loss from a trade, business, profession or vocation carried on during that period, and the provisions of section 20 of this Act shall not apply.

(5) The determination of the profits or losses that is attributable to a partner from a partnership shall be made by the relevant tax authority in relation to that partnership, and where any partner is taxable for a year of assessment in the territory of another relevant tax authority, the relevant tax authority in relation to that partnership shall make available to that other tax authority, particulars of the determination of profits or losses.

(6) The income of a partner from a partnership in Nigeria shall be attributable to relevant territories in Nigeria in accordance with the Twelfth Schedule to this Act. Twelfth Schedule

(7) The partner, employee or agent in charge of the principal office or place of business of a partnership in Nigeria shall, without notice or demand, register or cause to be registered with the relevant tax authority, a certified copy of the partnership deed or, where no written deed is in existence, particulars of any written or oral agreement under which the partnership exists, and where any such particulars have been registered, a notice of any change in the agreement shall be registered with that tax authority within 30 days of the change.

(8) Where the particulars of a partnership have been registered under the provisions of subsection (7), the computation of the gains or profits of a

TheNigeriaLawyer

partner, may be made by the relevant tax authority on the basis of those particulars as they apply at any relevant time.

(9) Where the particulars of a partnership are not registered, in compliance with subsection (7), tax may be assessed and charged by the relevant tax authority as though the whole gains or profits of such partnership accrued to any individual partner or were divisible between the partners, as may appear just and reasonable to that tax authority.

Settlements, trusts and estates

Fifth Schedule

16. The income of an individual, a trustee or executor from a settlement, trust, or estate of a deceased person, made, created or administered in or outside Nigeria, shall be ascertained in accordance with the provisions of the Fifth Schedule to this Act.

PART III — TAXATION OF NON-RESIDENT PERSONS

Non-Resident person

17. (1) The income, profits or gains of a non-resident person accruing in, or derived from Nigeria are chargeable to tax in accordance with the provisions of this Act.

(2) Gains derived by a non-resident person from disposal of chargeable assets are taxable in Nigeria where the gains relate to —

(a) a trade, business, profession or vocation carried on by the non-resident person in Nigeria;

(b) any asset located in Nigeria; or

(c) any asset deemed to be located in Nigeria under this Act.

(3) Profits derived from any trade, business, profession or vocation carried on by a non-resident person are taxable in Nigeria where —

(a) the person has a permanent establishment or significant economic presence in Nigeria to the extent that the profit is attributable to the permanent establishment or significant economic presence;

(b) payment is made by a person resident in Nigeria or a permanent establishment of a non-resident person in Nigeria, in respect of services furnished from outside of Nigeria to a resident of Nigeria or a Nigerian permanent establishment of a non-resident person, except where the payment is made —

(i) to an employee of the person making the payment under a contract of employment,

(ii) by an individual for teaching in an educational institution or for teaching by an educational institution, or

TheNigeriaLawyer

(iii) by a foreign permanent establishment of a Nigerian resident and the expense is borne by that permanent establishment; or

(c) payment is made to that person by a person resident in Nigeria or a Nigerian permanent establishment of a non-resident person, in respect of insurance premiums or risks insured from the territory of Nigeria.

(4) Any amount deducted at source in accordance with section 51 of Nigeria Tax Administration Act, 2025 from the payments made for any of the activities mentioned in subsection (3) (b) and (c), shall be the final tax on that payment unless the person has a permanent establishment or significant economic presence in Nigeria to which the payment is attributable.

(5) The income, profits or gains of a non-resident person that are attributable to its permanent establishment in Nigeria shall be ascertained in accordance with the provisions of this Act, subject to the following conditions —

(a) the permanent establishment shall be deemed to have the same credit rating as the non-resident company of which it is a permanent establishment;

(b) the permanent establishment shall be deemed to have such equity and loan capital as it could reasonably be expected to have in accordance with section 191 of this Act;

(c) the taxable profits to be attributed to the permanent establishment shall include income arising from the —

(i) sale of goods or merchandise of the same or similar kind as those sold through that permanent establishment, made directly to Nigeria by the non-resident person or its connected persons, and

(ii) furnishing of services or any other business activity carried on in Nigeria by the non-resident or its connected persons of the same or similar kind as those effected through the permanent establishment;

(d) deduction shall not be made in respect of any cost except it was incurred for and in the production of the taxable profits attributable to the permanent establishment; and

(e) deduction shall not be allowed in respect of amounts paid or payable, by the permanent establishment to the non-resident person or any of its connected persons, by way of royalties, fees or similar payments in return for the use of patents or other rights, other than towards reimbursement of actual expenses.

TheNigeriaLawyer

(6) Where the total profits attributable to a permanent establishment or significant economic presence in Nigeria cannot be ascertained in accordance with subsection (5), the total profits shall be the amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria.

(7) Where the total profits attributable to the permanent establishment or significant economic presence in Nigeria is lower than an amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria, the total profits shall be the amount resulting from applying the profit margin of the non-resident person to the total income generated from Nigeria.

(8) Notwithstanding the provisions of subsections (6) and (7), the tax payable under this section shall not be less than the tax withheld at source under Nigeria Tax Administration Act, 2025, and where the income is not liable to a deduction of tax under Nigeria Tax Administration Act, 2025, 4% of the total income generated from Nigeria.

(9) For the purposes of this section —

(a) a non-resident person is deemed to have a permanent establishment in Nigeria where the person —

(i) has a place, in Nigeria, through which its business is wholly or partly carried on or at its disposal for the purposes of its business,

(ii) operates a trade or business through a person in Nigeria authorised to conduct on its behalf, or on behalf of some other persons controlled by it, or which have a controlling interest in it,

(iii) maintains a stock of goods or merchandise in Nigeria from which deliveries are made by a person on its behalf,

(iv) solely or together with any other person, executes a project in Nigeria involving surveys, designs, deliveries, building, construction, assembly or installation, commissioning or decommissioning or any supervisory activity in connection with those activities, irrespective of any split or number of entities that performed any of the activities of the project and whether or not only part of the project was carried out in or outside Nigeria, or

TheNigeriaLawyer

(v) furnishes any service in Nigeria through employees, agents, subcontractors or other persons engaged by it for such purpose;

(b) a non-resident person shall, subject to any regulations that may be issued by the Minister to that effect, have a significant economic presence in Nigeria where the person transmits, emits or sends by itself or through other person, signals, sounds, messages, images or data of any kind by cable, radio, electromagnetic systems or any other electronic or wireless apparatus to Nigeria in respect of any activity, including electronic commerce, application store, high frequency trading, electronic data storage, online adverts, participative network platform, online payments, supply of user-data, search engines, digital content services, online gaming, cloud computing, online teaching services, and profit can be attributable to such activity;

(c) a non-resident person shall not be deemed to have a permanent establishment or significant economic presence in Nigeria solely by reason of employing persons resident in Nigeria, to the extent that the duties of such employment are not performed primarily for customers in Nigeria;

(d) "a place" means any location in Nigeria, whether owned, rented, leased or otherwise available for the use of the person, irrespective of the length of time it is used and shall include —

(i) a place of management,

(ii) a branch,

(iii) a sales outlet,

(iv) an office,

(v) a factory,

(vi) a workshop,

(vii) a mine, a well for crude oil, gas, bitumen, water or any other natural resource, a quarry or any other place of extraction or exploitation of natural resources, or any supervisory activity in connection to it,

(viii) facilities, including vessel, any installation or structure, used in the exploration of natural resources, or any supervisory activity in connection with such facilities,

TheNigeriaLawyer

(ix) a building, construction, assembly or installation site, or

(x) any place for performing supervisory activity or any service or activity;

(e) "profit margin" of a person shall be the proportion of the earnings before interest and tax (EBIT) to income or revenue in its published audited financial statement, and in the case of persons that have no published financial statements for the period or are not required to publish financial statements, the profit margin as may be ascertained by the relevant tax authority from the published financial statements of a comparable company.

Non-resident person engaged in shipping or air transport

18. (1) Where a non-resident person carries on the business of transport by sea or air, and any ship or aircraft owned, leased or chartered by it calls at any port in Nigeria, the non-resident person is chargeable to tax on the profits arising from the carriage of passengers, mails, livestock or goods shipped from, or loaded into an aircraft or ship, in Nigeria.

(2) The provisions of subsection (1) shall not apply to passengers, mails, livestock or goods which are brought into Nigeria solely for trans-shipment or for transfer from one aircraft to another or between an aircraft and a ship.

(3) For the purposes of subsection (1), where the Service is satisfied that the tax authority of the country of residence of a non-resident person computes and assesses the profits of its resident that operates ships or aircraft to Nigeria on a basis not materially different from that prescribed in this Act, the total profits or loss derived from Nigeria for that period shall be determined, using —

(a) the ratio of profits or loss of the company, before any allowance by way of depreciation, of an accounting period to the gross revenue in respect of carriage of passengers, mails, livestock or goods (global adjusted profit ratio); and

(b) ratio of allowances by way of depreciation for that period to the gross revenue by the company in respect of carriage of passengers, mails, livestock or goods (global depreciation ratio).

(4) For the purposes of subsection (3), the total profits of a period shall be taken to be the proportion to the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria, which is determined by applying the —

(a) global adjusted profit ratio to the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria to arrive at the assessable profits; and

(b) global depreciation ratio to the gross revenue in respect of the

TheNigeriaLawyer

carriage of passengers, mails, livestock or goods shipped or loaded in Nigeria, in place of any allowances to be given under the provisions of Part I of the First Schedule. First Schedule

(5) Where at the time of assessment, the provisions of subsections (3) and (4) cannot for any reason be satisfactorily applied, the total profits shall be —

(a) the amount resulting from multiplying the turnover generated from Nigeria by the profit margin as defined under section 17(9)(e) of this Act; or

(b) the profits deemed to be derived from Nigeria, which, on the direction of the Service, shall be computed on a fair percentage of the gross revenue in respect of the carriage of passengers, mails, livestock and goods shipped from or loaded in Nigeria.

(6) For the purposes of this section, the tax payable by a person for any year of assessment shall not be less than 2% of the gross revenue in respect of the carriage of passengers, mails, livestock or goods shipped from, or loaded into an aircraft in Nigeria, which shall be computed, assessed and paid on monthly basis.

(7) Notwithstanding any other provision of this Act, where a person to which this section applies files a tax return and does not provide a separate financial statement of the Nigerian operations, such person shall submit detailed gross revenue statements of its Nigerian operations, certified by one of its directors and its external auditors, and supported with the contract agreements.

(8) The provisions of this section shall not apply to income or profits arising from leasing of vessels or containers, non-freight operations or any other incidental income, such income or profits are chargeable to tax under relevant provisions of this Act.

(9) Regulatory agencies in the shipping and air transport, and other relevant sectors shall, as a condition to carry on business in Nigeria or obtaining any relevant approvals or permits, mandate all persons taxable under the provisions of this section to present the following —

(a) evidence of income tax filing for the preceding tax year;

(b) Tax Clearance Certificates, showing income taxes paid for the three preceding tax years; or

(c) evidence of tax declaration and payment in respect of the intended carriage or shipment.

19. (1) There shall be no further tax charged in respect of any dividend received by a non-resident from a Nigerian company other than tax deducted at source under the Nigeria Tax Administration Act, 2025. Nigerian dividends received by Non-Resident persons

TheNigeriaLawyer

(2) Nothing in this Act shall confer on the non-resident or the Nigerian company paying the dividend, a right to repayment of tax paid under section 51 of the Nigeria Tax Administration Act, 2025.

PART IV — ASCERTAINMENT OF PROFITS AND INCOME

Deductions Allowed

20. (1) Except where the provisions of section 18 of this Act or Part IX of Chapter Two apply, for the purposes of ascertaining the profits or loss from any trade, business, profession or vocation under this Act, there shall be deducted all expenses for that period wholly and exclusively incurred in the production of the income, including—

(a) any sum payable by way of interest on debt employed in generating the income of the trade, business, profession or vocation, subject to the provisions of the Third Schedule to this Act;

Third Schedule

(b) rent and premiums, incurred during that period, in respect of land or building occupied for the purposes of generating the income;

(c) any outlay or expenses incurred in respect of —

(i) salary, wages or other remuneration paid to employees, and

(ii) cost to the company of any benefit or allowance provided to its employees;

(d) any expense incurred for repair of premises, plant, machinery or fixtures employed in acquiring the income, or for the renewals, repair or alteration of any implement, utensil or articles so employed;

(e) any amount of expenditure incurred for establishing, preserving or defending title to or rights over an asset;

(f) any contribution to any staff pension, provident or other retirement benefits fund, society or scheme approved under the Pension Reform Act or any similar enactment in Nigeria;

Act No. 4, 2014

(g) any expense proven to the satisfaction of the relevant tax authority to have been incurred, being damage to, or loss of stock or inventory of the trade, business, profession or vocation;

(h) bad or doubtful debts incurred in the course of a trade or business, notwithstanding that the debts were due and payable before the commencement of the basis period, being —

(i) debts becoming bad during the said basis period other than bad debt incurred in respect of transaction with a related party, or

TheNigeriaLawyer

(ii) doubtful debts estimated in accordance with generally acceptable accounting principles and to the extent that it is proven, to the satisfaction of the relevant tax authority, that the debts in respect of which a deduction is claimed were incurred in the course of the company's business operations that produced the assessable profits,

(i) any expense incurred by the trade, business, profession or vocation on research and development for the period;

(j) any other expense incurred during any previous period for the purpose of such trade or business, or specifically for the period which the profits are being ascertained, provided that any expenditure incurred within six years prior to commencement of business which would have been deductible if incurred after commencement of business, shall be deemed to have been incurred on the first day of commencing the trade or business;

(k) dividends or mandatory distributions made by a real estate investment company duly approved by the Securities and Exchange Commission, to its shareholders; or

(l) compensating payments made by a lender to its approved agent or a borrower in a regulated securities lending transaction, which qualify as interest under section 4 (6) (a) (ii) of this Act.

(m) any expense incurred by a person on assistive devices and disability-related products including hearing aids, wheelchairs, and braille materials.

(2) Notwithstanding the provision of subsection (1)(h), in determining bad or doubtful debts deductible —

(a) appropriate reduction shall be made in respect of any amount that had been allowed for deduction in any previous period in respect of the same debt; and

(b) all sums recovered on account of sums previously written off or allowed for deduction in respect of bad or doubtful debts shall be added to the profits of the trade, business, profession or vocation in the period of recovery.

(3) Liability waived, released or recovered shall be included in the assessable profits or chargeable gains in accordance with section 193 of this Act.

(4) Notwithstanding anything to the contrary contained in any law, an expense incurred in a currency other than the Naira may only be deducted to the extent

TheNigeriaLawyer

of its Naira equivalent at the official exchange rate published by the Central Bank of Nigeria for the relevant date or period.

21. A deduction shall not be allowed for the purposes of ascertaining the profits or income from any trade, business, profession or vocation in respect of — Deductions not allowed

(a) capital repaid or withdrawn from a trade, business, profession or vocation;

(b) any expenditure of a capital nature;

(c) domestic or private expense, or expenditure on assets not used for the purpose of trade, business, profession or vocation;

(d) any sum recoverable under an insurance or contract of indemnity;

(e) taxes on profit or incomes levied in Nigeria or elsewhere;

(f) any payment to a savings, widows and orphans, pension, provident or other retirement benefit fund, society or scheme not approved under the Pension Reform Act or any similar enactment in Nigeria; Act No. 4, 2014

(g) depreciation or impairment of any fixed asset, investment or an unrealised exchange difference on any item denominated in foreign currency;

(h) any sum reserved out of profits subject to the provisions of section 20(1)(h) of this Act;

(i) any payment to a connected person that is not consistent with the Transfer Pricing Regulations issued by the Service;

(j) any expense incurred in deriving an income that is exempt from income tax;

(k) any expense allowable as a deduction in determining chargeable gains under this Act;

(l) penalty or fine imposed under any law;

(m) any tax or penalty borne on behalf of another person;

(n) any compensating payment made by a borrower, which qualifies as dividends under this Act, to its approved agent or to a lender in a regulated securities lending transaction;

(o) any compensating payment made by an approved agent, which qualifies as interest or dividends under this Act, to a borrower or lender in a regulated securities lending transaction; or

TheNigeriaLawyer

(p) any expense on which Value Added Tax is due under this Act but was not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid.

PART V — ASCERTAINMENT OF ASSESSABLE PROFITS AND INCOME

Basis for computing assessable profits for trade or business

22. (1) Except as provided in this section, the profits of any trade, business, profession or vocation for each year of assessment (the assessable profits) shall be the profits of the accounting period immediately preceding the year of assessment from all sources.

(2) Notwithstanding the provisions of subsection (1), the assessable profits of the first year of assessment for a new business, shall be the profits from the date in which such trade, business, profession or vocation commences in Nigeria to the end of the first accounting period.

Change in accounting date

23. (1) Where a taxable person changes the date to which it usually computes its assessable profits, the basis period for the computation of the assessable profits for the relevant year of assessment shall be the period commencing from the first day after the basis period of the immediately preceding year of assessment up to the new date on which the account was made, and the assessable profits of subsequent years of assessments shall be computed on the basis of the new accounting period.

(2) Where there is a change in the accounting date under subsection (1), the taxable person shall notify the relevant tax authority not later than 30 days before the usual due date of filing its income tax returns.

Cessation of trade or business

24. (1) Where a trade, business, profession or vocation permanently ceases to carry on operations in Nigeria in an accounting period, the assessable profits for the relevant year of assessment shall be the amount of the profits from the beginning of the accounting period to the date of cessation and the tax shall be payable within six months from the date of cessation.

(2) Where, after the date of cessation, the trade, business, profession or vocation, or its receivers or liquidators, receive or pay any sum which ought to have been included in or deducted from the profits of that trade or business if it had been received or paid prior to that date, such sum shall be deemed for the purposes of this Act to have been received or paid by the trade, business, profession or vocation on the last day before such cessation occurred and such sums shall be disclosed to the relevant tax authority within one month of the receipt or payment.

(3) Where the provisions of subsection (2) apply, any additional assessment or claim for reduction of assessment or repayment of tax shall be made as may be necessary to give effect to the provisions, provided that the provisions of the Nigeria Tax Administration Act, 2025 relating to objections and appeals shall apply to the additional assessment or claim of reduction of assessment

TheNigeriaLawyer

or repayment of tax under this subsection.

(4) In the case of a deceased individual, where the personal representative after death, receives or pays any sum which would have been included in or deducted from the gains or profits from the trade, business, profession or vocation carried on prior to death, that sum shall be deemed for all purposes of this Act to have been received or paid by the deceased, on the last day prior to the death.

25. An individual carrying on a trade, business, profession or vocation, shall not be treated as having commenced or ceased to do so solely by reason of a change in the territory in which the individual is resident from one year to another, or by reason of becoming or ceasing to be a partner in a partnership if the nature of the trade carried on by that partnership is the same as that carried on before or after the individual became or ceased to be a partner. Continuity of trades

26. (1) With respect to income from an employment or pension, the assessable income of an individual shall be the amount of the income of the year of assessment. Basis for computing assessable income

(2) For the purpose of subsection (1), income from an employment shall be deemed to arise from day to day except to the extent that it is derived from any bonus, commission or allowance payable on one occasion only or at intervals exceeding one month, and to that extent it shall be deemed to be income —

(a) of the day on which it is paid; or

(b) where it is paid after the cessation of the employment, of the last day of the employment including any terminal benefit arising therefrom.

(3) With respect to disposal of a chargeable asset, the assessable income of an individual shall be the amount of the chargeable gains accruing from assets disposed during the year immediately preceding the year of assessment, except for chargeable gains accruing from the disposal of chargeable assets used in the individual's trade, business, profession or vocation, which shall be those disposed during the year immediately preceding the year of assessment.

(4) Notwithstanding the foregoing provisions of this section, the assessable income of a trustee, or of an executor of the estate of a deceased individual, or of a beneficiary of a trust or estate for any year of assessment shall be the income of that person for the year preceding that year of assessment as determined under the provisions of the Fifth Schedule to this Act. Fifth Schedule

PART VI — ASCERTAINMENT OF TOTAL PROFITS OF COMPANIES

TheNigeriaLawyer

27. (1) The total profits of a company for any year of assessment, shall be the amount of its total assessable profits from all sources, including chargeable gains computed in accordance with Part VIII of chapter two, less the amount of any loss ascertained in accordance with subsection (6), and capital allowance in accordance with the provisions of Part I of the First Schedule to this Act.

Ascertainment of total profits of companies

First Schedule

(2) The capital allowance to be deducted in accordance with the provisions of Part I of the First Schedule shall be the amount relating to the qualifying capital expenditure incurred in generating the assessable profits:

First Schedule

Provided that where value added tax is due under this Act but not charged on an asset, or in the case of an imported item, where the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure.

(3) Where the qualifying capital expenditure is in relation to an asset that is only partly utilised in generating the assessable profits, the capital allowance on such qualifying capital expenditure shall be prorated and only the portion relating to the taxable income shall be allowed as a deduction.

(4) The capital allowance computed shall not be prorated where the non-taxable income constitutes less than 10% of the total income of the company.

(5) Notwithstanding the provisions of subsection (4), the portion of capital allowance attributable to priority activities of a company that enjoys economic development incentive under this Act shall be deducted only from the assessable profits of the priority business:

Provided that —

(a) in no circumstances shall the aggregate loss deductions from the assessable profits or income exceed the amount of that loss;

(b) loss can only be deducted from the trade or business in which the loss was incurred;

(c) the loss shall be deducted to the extent possible from the amount of the assessable profits of the first year of assessment after that in which the loss was incurred, and in subsequent years until the loss is fully recouped; and

(d) the loss incurred during any year of assessment shall be computed, in accordance with the basis period provided in sections 22 to 25 of this Act.

(6) Notwithstanding subsection (5) or any provision of this Act, any loss incurred in any period from sales, disposal or any other transaction in digital assets shall only be deductible in determining the profits from the business relating to digital or virtual assets.

TheNigeriaLawyer

PART VII — ASCERTAINMENT OF TOTAL INCOME OF AN INDIVIDUAL

28. (1) The total income of an individual for any year of assessment is the taxable income less total deduction. Total income of an individual

(2) For the purposes of subsection (1) —

(a) taxable income is the aggregate amount of —

(i) assessable profits from trade, business, profession or vocation ascertained in accordance with Part V of Chapter Two of this Act,

(ii) employment income,

(iii) income from investing activities,

(iv) profits or income from any other source, and

(v) chargeable gains from the disposal of chargeable assets.

(b) total deduction is the sum of —

(i) any loss ascertained in accordance with subsection (2),

(ii) capital allowance in accordance with the provisions of Part I of the First Schedule to this Act, First Schedule

(iii) income of the individual that is exempt from tax under this Act, and

(iv) income of the individual on which the tax deducted at source under section 51 of Nigeria Tax Administration Act, 2025 is the final tax.

(3) The loss to be deducted in arriving at the total income of an individual is —

(a) the amount of a loss incurred by the individual during the year or preceding year of assessment in a trade, business, profession or vocation; and

(b) the amount of loss incurred on the disposal of a chargeable asset:

Provided that —

(i) in no circumstances shall the aggregate loss deductions from income exceed the amount of that loss,

TheNigeriaLawyer

(ii) the loss shall be deducted as far as possible from assessable profit of a trade, business, profession or vocation of the first year of assessment after that in which the loss was incurred, and in subsequent years until the loss is fully recouped,

(iii) the loss incurred during any year of assessment shall be computed, in accordance with the basis period contained in Part V of Chapter two of this Act, and

(iv) any loss incurred in any period from sales, disposal or any other transaction in digital or virtual assets shall only be deductible against the profit or gain from digital or virtual assets.

29. Notwithstanding any provisions of chapter two of this Act, where for all practical purposes, the income of a person chargeable to tax under this Act cannot be ascertained or records are not kept in such a manner as to enable proper assessment of income, then such person shall be assessed on such terms and conditions as may be prescribed by the Minister on the advice of the Joint Revenue Board in a regulation under a presumptive tax regime.

Presumptive taxation

30. (1) The chargeable income of an individual, is the total income of that individual ascertained under the provisions of section 28 of this Act, less eligible deductions.

Ascertainment of chargeable income of individuals

(2) For the purposes of this section —

(a) "Eligible Deductions" include payments made by the individual in a year of assessment in respect of —

(i) the individual's contributions under the National Housing Fund,

(ii) the individual's contributions under the National Health Insurance Scheme,

(iii) the individual's contributions under the Pension Reform Act,

Act No. 4, 2014

(iv) interest on loans for developing an owner-occupied residential house,

(v) annual amount of any annuity or premium paid by the individual during the year preceding the year of assessment in respect of insurance on his life or the life of his spouse, or contract for a deferred annuity on his own life or the life of his spouse, and

(vi) rent relief of 20% of annual rent paid, subject to a maximum

TheNigeriaLawyer

of ₦500,000, whichever is lower, provided that the individual accurately declares the actual amount of rent paid and other relevant information as may be prescribed by the relevant tax authority.

(b) "total income" means total income as specified in section 28 of this Act.

31. Deduction shall not be allowed under this Part to any person for a year of assessment, unless claimed in writing in such form as the relevant tax authority may prescribe. Deductions to be claimed

32. (1) The relevant tax authority may require a claimant to a deduction under section 30 (2) (a) of this Act to produce such documentary evidence as may be necessary in support of any claim and in the absence of such evidence, or where such evidence is inadequate, the relevant tax authority may refuse to allow the deduction or such part of the amount claimed. Proof of Claims

(2) Notwithstanding any provision of this Part, where —

(a) an individual fails to produce satisfactory documentary evidence in support of a claim under section 30 (2) (a) of this Act, any objection to an assessment or, to any rate at which tax is to be deducted, shall be accompanied by a copy of the available documentary evidence or a declaration that such required documentary evidence does not exist; and

(b) an individual claims a deduction under this Act for a year of assessment, or produces evidence in support of a claim previously made but not admitted or not admitted in full by the relevant tax authority, such repayment, set-off of tax or reduction in any assessment shall be made so as to give effect to any amount or additional amount of the deduction as appropriate.

PART VIII — ASCERTAINMENT OF CHARGEABLE GAINS

33. (1) Gains accruing to any person in a year of assessment shall be chargeable to tax in accordance with the provisions of this Act. Chargeable Gains

(2) Gains on which tax is to be assessed on any person shall be computed in accordance with the provisions of this Part.

34. (1) Subject to exemptions as may be provided in Part I of Chapter Eight of this Act, all forms of property shall be chargeable assets for the purpose of this Part, whether situated in Nigeria or not, including — Chargeable assets

(a) any form of asset, shares, options, rights, debts, digital or virtual assets and incorporeal property generally;

TheNigeriaLawyer

Provided that gains accruing to a person on disposal of shares in any Nigerian company shall not be chargeable gains where the —

(i) disposal proceeds, in aggregate, is less than ₦150,000,000 and the chargeable gain does not exceed ₦10,000,000 in any 12 consecutive months,

(ii) shares are transferred between an approved borrower and a lender in a regulated securities lending transaction, or

(iii) proceeds from such disposal, notwithstanding the threshold in (i), are reinvested within the same year of assessment in the acquisition of shares in the same or other Nigerian companies,

Provided that tax shall accrue proportionately on the portion of the proceeds which are not reinvested in the manner stipulated in this subsection;

(b) any currency other than Nigerian currency; and

(c) any form of property created by the person disposing of it or coming to be owned without being acquired.

(2) This section shall have effect, notwithstanding that the property is an asset in respect of which qualifying capital expenditure had been incurred under any provision of this Act.

Disposal of assets

35. (1) For the purpose of this Act, there is a disposal of assets by a person where any sum is derived from a sale, lease, transfer, an assignment, a compulsory acquisition or any other disposition of assets, subject to any exemptions as may be provided in Chapter Eight of this Act.

(2) Subsection (1) shall apply, notwithstanding that no asset is acquired by the person paying the sum, and in particular where the sum is —

(a) derived by way of compensation for any loss of office or employment;

(b) received under a policy of insurance and the risk of any kind of injury or damage, or the loss or depreciation of assets;

(c) received in return for forfeiture or surrender of a right, or for refraining from exercising a right; and

(d) received as consideration for use or exploitation of any asset.

(3) In this Part —

(a) references to a disposal of assets include, references to a part disposal of assets; and

TheNigeriaLawyer

(b) there is a part disposal of assets where —

(i) an interest or right in or over the assets is created for another person by the disposal, and

(ii) a part of the interest in the property which subsists before the disposal remains with the person making the disposal.

Disposal of assets, provisions as to considerations

36. (1) Subject to the provisions of this Act, the acquisition and disposal of an asset by a person shall be deemed to be for a consideration equal to the market value of the asset where the person acquires the asset —

(a) otherwise than by way of a bargain made at arm's length;

(b) wholly or partly for a consideration that cannot be valued;

(c) as trustee for creditors of the person making the disposal; or

(d) upon devolution on death as a personal representative or legatee of a deceased.

(2) Where a person disposes of an asset by way of gift, other than asset acquired or disposed by devolution on death, the person acquiring the asset shall, as it relates to the interest taken by the person, be deemed to have acquired the asset —

(a) for a consideration equal to the amount for which the asset was last disposed of by way of a bargain made at arm's length; or

(b) where the amount last disposed of by way of bargain made at arm's length cannot be ascertained, for a consideration equal to the market value of the asset on the date of that disposal.

(3) Where an asset is held by a person as a nominee or trustee for —

(a) another person absolutely entitled,

(b) an infant or a person with disability, or

(c) two or more persons,

the provisions of this Part shall apply as if the property were vested in, and the acts of the nominee or trustee in relation to the asset were the acts of the person or persons referred to in this subsection.

(4) Any acquisition of the asset referred to in subsection (3) by the nominee or trustee or the disposal of the assets to the nominee or trustee shall be disregarded.

TheNigeriaLawyer

(5) The conveyance or transfer by way of security of an asset or of an interest or right in or over it, or transfer of a subsisting interest or right by way of security in or over an asset, including a re-transfer on redemption of the security, shall not be treated as involving any acquisition or disposal of the asset.

(6) Any dealing with an asset by a person who has a security interest in it or who has the benefit of a charge against it or an encumbrance against it in order to enforce or give effect to those rights shall be deemed to have been made by that person in his capacity as that person's nominee.

(7) An asset shall be treated as having been acquired free of any interest or right by way of security subsisting at the time of any acquisition of it, and as being disposed of free of any such interest or right subsisting at the time of the disposal, and where an asset is acquired subject to any such interest or right, the full amount of the liability thereby assumed by the person acquiring the asset shall form part of the consideration for the acquisition and disposal in addition to any other consideration.

(8) Where an asset is acquired by a creditor in satisfaction of his debt or part of it —

(a) the asset shall not be treated as disposed of by the debtor or acquired by the creditor for a consideration greater than its market value at the time of the creditor's acquisition of it; and

(b) chargeable gain accruing to the creditor on disposal of the asset shall not exceed the chargeable gain which would have accrued if he had acquired the property for a consideration equal to the amount of the debt or that part.

(9) In this section—

"Legatee" includes any person taking under a testamentary disposition or on an intestacy or partial intestacy, whether he is taken as a beneficiary or trustee, and a gift made in contemplation or condition of death shall be treated as a testamentary disposition and not as a gift;

"personal representatives" means—

(a) the executor or the representative, or administrator for the time being of a deceased person under any law in force in Nigeria; or

(b) persons who, under the law of another country, have functions corresponding to personal representatives as defined under paragraph (a).

TheNigeriaLawyer

37. (1) A person shall not be charged to tax under this Act in respect of gains on any acquisition and disposal of land by reference to a disposal to an authority exercising or having compulsory powers, if that person had not — Compulsory acquisition of land

(a) acquired the land at a time when he knew or might reasonably have known that it was likely to be acquired by the authority; or

(b) taken any steps by advertisement or otherwise to dispose of the land or to make his willingness to dispose of it known to the authority or others.

(2) In this section, "authority exercising or having compulsory powers" means, in relation to any disposal of land, an authority, a person or body of persons acquiring the land compulsorily under the Land Use Act or any other similar enactment or law of a country other than Nigeria, or who has or have been, or may be, authorised to acquire it compulsorily for the purposes for which it is acquired, or for whom another authority, person or body of persons has or have been, or may be, authorised to acquire it. Cap L5, LFN 2004

38. Any asset acquired or disposed of by a person chargeable to tax shall, be deemed to have been acquired or disposed of at the date at which there is an enforceable right to acquire or a binding duty to dispose of the asset or any right or interest in it, and in particular, where — Date of acquisition or disposal

(a) any contract is to be performed subject to any condition, the date of acquisition or disposal of the asset shall be the date the condition is satisfied;

(b) consideration under the contract does not depend solely or mainly on the value of the asset at the time the condition is satisfied, the acquisition or disposal shall be treated as if the contract had never been conditional, in which case the date of the acquisition or disposal of the asset shall be the date of the contract; or

(c) an option is conferred by virtue of any contract, the date of the acquisition or disposal of the asset shall be the date when the option is exercised.

39. The gains chargeable to tax shall, subject to other provisions of this Act, be computed as follows — Computation of chargeable gains

(a) in the case of a disposal of an asset used for a trade, business, profession or vocation, for which capital allowance has been made in accordance with the First Schedule to this Act, only the residue of that asset shall be deducted from the disposal proceeds for the purposes of computing chargeable gains; and First Schedule

(b) where capital allowance has not been made in accordance with the

TheNigeriaLawyer

First Schedule to this Act, the chargeable gain shall be determined by deducting from the disposal proceeds, the amount or value of the consideration, in money or money's worth incurred, wholly and exclusively for the acquisition of the asset. First Schedule

40. Any incidental cost incurred wholly and exclusively for the purpose of disposal of a chargeable asset is deductible from the disposal proceeds for the purposes of determining the chargeable gain. Expenses incurred for disposal of chargeable assets

41. (1) Where a part of an asset is disposed or where some property derived from an asset remains undisposed after a disposal of the asset — Part disposal

(a) the acquisition cost of the assets, together with any expenditure wholly and exclusively incurred for the purpose of enhancing the value of the asset; or

(b) the residue, in the case of assets used for trade or business on which capital allowance have been made in accordance with the First Schedule to this Act, First Schedule

shall be apportioned between the disposed part and the undisposed part.

(2) Apportionment shall be made by reference to —

(a) the amount or value of the consideration for the disposal on the one hand, referred to as "A"; and

(b) the market value of the property which remains undisposed on the other hand referred to as "B",

(3) The acquisition cost or residue of the disposed part shall be apportioned by applying the fraction A/(A+B), and the remainder shall be attributed to the part which remains undisposed.

(4) Where a portion of interest or right in a chargeable asset is disposed, and some part of that asset or any description of property derived from the asset remains undisposed, the cost of acquisition in addition to any incidental cost of the acquisition, or residue of the asset, shall be apportioned based on the value of the sale compared to the market value of the undisposed portion.

42. (1) Where the consideration or part of a consideration, taken into account in the computation of chargeable gains under section 39 of this Act, is payable by instalments over a period exceeding twelve months, beginning from the time when the disposal is made, the chargeable gain accruing on the disposal shall be regarded as accruing in proportionate parts in the period of assessment in which the disposal is made and in subsequent periods of assessments, until the last instalment is payable. Consideration due after time of disposal

(2) The proportionate parts to be recorded as accruing in the respective periods of assessment shall correspond to the proportions of the amounts of the

TheNigeriaLawyer

instalments of consideration payable in those respective periods of assessment.

(3) The time in the year or accounting period when any part of a chargeable gain is deemed to accrue under this section shall be the last day in that year of assessment, except in the case of cessation of a trade, business, profession or vocation, or death of the alienator, where such part shall be deemed to accrue on the date of cessation or death.

(4) The provisions of subsection (1) shall not apply to any part of the consideration which has effectively passed to the person making the disposal by way of a loan made to that person by the other party to the transaction.

(5) In the computation of chargeable gains under this section —

(a) consideration for the disposal shall, in the first instance, be brought into account without —

(i) any adjustment for postponement of the right to receive any part of it, and

(ii) regard to a risk of any part of the consideration being irrecoverable, or to the right to receive any part of the consideration being contingent; and

(b) where any part of the consideration so brought into account is subsequently shown to the satisfaction of the relevant tax authority to be irrecoverable, such adjustment, whether by way of discharge, or repayment of tax or otherwise, shall be made as required.

43. (1) Where an asset is lost or destroyed, and a capital sum received by way of compensation for the loss or destruction is applied within three years of receipt in acquiring another asset in its replacement, the owner shall, where the compensation received together with the residual or scrap value is — Assets lost or destroyed

(a) greater than the cost of the asset acquired in replacement of the lost or destroyed asset, be deemed to make a chargeable gain; and

(b) lower than the cost of the asset acquired in its replacement, be deemed, for the purposes of the First Schedule to this Act, to have acquired an additional asset for an amount equal to the cost of that new asset, less the compensation together with the residual or scrap value. First Schedule

(2) Except for the additional asset acquired under subsection (1)(b), allowance to be claimed on the new asset for the purposes of the First Schedule to this Act shall be limited to the residue of the old asset, if any. First Schedule

TheNigeriaLawyer

44. (1) Where a single bargain comprises two or more transactions whereby assets are disposed of, those transactions shall be treated for the purposes of computing chargeable gains as a single disposal.

Bargains comprising two or more transactions

(2) Where separate considerations are agreed or purported to be agreed for any two or more transactions comprised in one bargain, whether transactions whereby assets are disposed of or not, those considerations shall be treated as altogether constituting an entire consideration for the transactions and shall be apportionable between them.

(3) Where an apportionment under this section results in less consideration being attributed to the chargeable asset than that agreed or purported to be agreed, in the bargain, the separate considerations shall be the consideration for which those assets are disposed of.

45. (1) For the purposes of computing chargeable gains, unless the context otherwise requires, market value, in relation to any asset, means the price which the asset might reasonably be expected to fetch on a sale conducted at arm's length, or in the open market.

Valuation at market value

(2) In estimating the market value of any asset in the case of a disposal, no reduction shall be taken into account for cash or bulk discount.

(3) In determining the acquisition cost of any asset, where the actual consideration paid by the acquirer is less than the market value, the assets shall be deemed to have been acquired for the amount actually paid.

46. For the purposes of Chapter Two of this Act —

Location of assets

(a) the situation of rights or interests, other than by way of security, in or over immovable property is that of the immovable property;

(b) the situation of rights or interests, other than by way of security, in or over tangible movable property is that of the tangible movable property;

(c) a debt, secured or unsecured, is situated in Nigeria where the creditor is resident in Nigeria, or has a permanent establishment in Nigeria to which the debt relates;

(d) shares or securities issued by any governmental, municipal or local authority, or by a body created by such an authority, are situated in the country of that authority or place where the authority is situated;

(e) subject to paragraph (d), registered shares or securities are situated where they are registered and, if registered in more than one register, where the principal register is situated;

TheNigeriaLawyer

(f) notwithstanding paragraph (e), shares or comparable interests in any foreign entity are deemed to be located in Nigeria, if, at any time during the 365 days preceding the alienation, more than 50% of the value of the shares or other interests is derived, directly or indirectly —

(i) through one or more interposed entities resulting in the change in direct or indirect ownership structure of a Nigerian entity, or

(ii) from immovable property or any other chargeable assets situated in Nigeria;

(g) subject to paragraph (d), shares or comparable interest in an entity is situated in Nigeria, if the entity is a Nigerian company or the owner of beneficial interest in the shares or comparable interest is resident in Nigeria or the owner has a permanent establishment in Nigeria to which the shares relates;

(h) a ship or aircraft used in international traffic is situated in Nigeria where the owner is resident in Nigeria or the owner has a permanent establishment in Nigeria to which the ship or aircraft relates;

(i) interest or right in or over a ship or aircraft used in international traffic is situated in Nigeria where the person entitled to the interest or right is resident in Nigeria or has a permanent establishment in Nigeria to which the interest or right relates;

(j) the situation of goodwill of a trade, business or professional asset is at the place where the trade, business or profession is carried on;

(k) patents, trademarks or designs are situated where they are registered, and if registered in more than one register, where each register is situated;

(l) copyright, franchises, rights or licences to use any copyright material, patent, trademark, or design are situated in Nigeria where they, or any rights derived from them, are exercisable in Nigeria;

(m) a judgement debt is situated where the judgement is recorded; and

(n) notwithstanding paragraphs (k) and (l), incorporeal property including digital assets are situated in Nigeria where the person who holds direct or indirect beneficial ownership, control or interest over the right or property is resident in Nigeria or has a permanent establishment in Nigeria to which the property is connected.

TheNigeriaLawyer

47. Gains accruing to any person in respect of a disposal of shares by a non-resident shall be a chargeable gain under this Act where the disposal results into a change —

Indirect transfer of ownership of companies or assets

(a) in the ownership structure or group membership of any Nigerian company; or

(b) of ownership of, title in, or interest in any asset located in Nigeria.

48. (1) This section has effect in respect to any policy of assurance or contract for a deferred annuity on the life of any person.

Life assurance policies

(2) Chargeable gain shall not accrue on the disposal of an interest in, or the rights under any such policy of assurance or contract, except where the person making the disposal is not the initial beneficial owner and acquired the rights or interests for a consideration in money or money's worth.

(3) Subject to subsection (2), the surrender of a policy of assurance or the rights under a contract for a deferred annuity shall constitute a disposal of the rights under the policy of assurance or contract for a deferred annuity, and the amount of the consideration for the disposal of a contract for a deferred annuity shall be the higher of the market value and the disposal proceeds

49. (1) The rights of the insured under an insurance effected in the course of a capital redemption business or industrial assurance business shall constitute an asset which may yield a chargeable gain upon disposal.

Rights under policies of insurance, other than life assurance policies

(2) The rights under any other policy of insurance, whether the risks insured relate to property or not, shall not constitute an asset on the disposal of which a chargeable gain may accrue, except as may be expressly provided under this Part.

(3) In this section —

(a) "capital redemption business" means the business of effecting and carrying out contracts of insurance, whether effected by the issue of policies, bonds or endowment certificates or otherwise, whereby, in return for one or more premiums paid to the insurer a sum or a series of sums is to become payable to the insured in the future, excluding life or industrial assurance business;

(b) "industrial assurance business" means the business of effecting and carrying out contracts of insurance in connection with any industrial assurance whereby in return for one or more premiums paid to the insurer a sum or a series of sums is to become payable to the insured in the future; and

(c) "policy of insurance" does not include a policy of assurance on human life.

TheNigeriaLawyer

50. (1) Sums not exceeding ₦50,000,000 obtained by way of compensation or damages for any wrong or injury suffered by an individual in his person or in his profession or vocation, including compensation for loss of office or employment, wrong or injury for libel, slander or enticement shall not be chargeable gains. Personal injury

(2) Where the sum exceeds ₦50,000,000, only the excess amount shall constitute a chargeable gain.

(3) For the purposes of subsection (1) and (2), any person who pays compensation for loss of office or employment to an individual is required, at the point of payment of such compensation, to deduct and remit the tax due under this section to the relevant tax authority.

(4) The tax so deducted shall be remitted within the time specified under the Pay-As-You-Earn or Deduction of Tax at Source Regulations issued pursuant to the Nigeria Tax Administration Act, 2025.

51. (1) The gains accruing to an individual are exempt from tax in respect of the disposal of, or an interest in — Principal private residences

(a) a dwelling-house or part of such dwelling-house; and

(b) land, other than land used for commercial purposes, immediately adjoining the dwelling house up to a maximum of one acre.

(2) The exemption under this section shall be enjoyed once in the lifetime of an individual.

(3) The consideration shall be apportioned where a person disposes of only a part of a dwelling-house or a house used partly as dwelling place and partly for carrying out a trade, business, profession or vocation.

52. (1) A gain accruing on a disposal of an asset which is tangible movable property being personal chattels of an individual shall not be a chargeable gain if the total amount or value of the consideration for the disposal does not, in a period of assessment, exceed ₦5,000,000 or three times the annual national minimum wage, whichever is higher. Personal chattels

(2) Where two or more assets, whether or not forming part of a set of articles, are disposed by a person to the same person or to persons acting in concert, or to connected persons, whether on the same or different occasions, the two or more transactions shall be treated as a single transaction disposing of a single asset, but with any apportionments, where necessary.

(3) Where the disposal is part of a right or interest in, or over tangible movable property, subsection (1) shall apply in relation to the asset as a whole, taking

TheNigeriaLawyer

the consideration as including the market value of what remains undisposed of, in addition to the actual consideration.

(4) The provisions of this section shall apply to a gain accruing on a disposal of two or more assets, not necessarily forming part of a set of articles of any description, which are tangible movable properties in the same manner as they apply in relation to a gain accruing on a disposal of an asset, or two or more assets forming part of a set of articles.

(5) This section shall not apply to a disposal of currency of any description.

Motor vehicles

53. (1) A motor vehicle used solely for private or non-profit purposes shall not be an asset for the purposes of this Part.

(2) The exemption under this section shall be limited to not more than two motor vehicles by an individual in any year of assessment.

Gifts

54. (1) Where a person disposes by way of a gift, an asset acquired by him by way of a gift or any other form of gift, not being an acquisition on a devolution on death, the gains accruing from the disposal shall not be chargeable gains.

(2) For the purpose of this section and section 36 (2) of this Act, an asset is acquired or disposed of by way of gift where no consideration is paid or received for the acquisition or disposal.

Assets held in trust for charities

55. (1) Any property held in trust for—

(a) a religious or charitable institution of a public character,

(b) any statutory or registered friendly society,

(c) any co-operative society registered under the co-operative societies law of any State, or

(d) any trade union registered under the Trade Unions Act, Cap. T14 LFN, 2004

shall not be subject to the provisions of Chapter Two of this Act, provided that the gain is not derived from the disposal of an asset acquired in connection with any trade or business carried on by the institution, society or trade union, and the gain is applied solely for the purpose of the institution, society or trade union.

(2) Where such property ceases to be subject of such trust—

(a) the trustees shall be treated as if they had disposed of, and immediately re-acquired the property for a consideration equal to its market value, any gain on the disposal shall be treated as not accruing to the institution or society; and

TheNigeriaLawyer

(b) any gain accruing directly or indirectly on that disposal shall be treated as having accrued to the trustees and shall be chargeable gains for the purposes of Chapter Two of this Act.

PART IX — RATES OF TAX

56. Tax shall be levied, for each year of assessment in respect of total profits of every company, in the case of — Rates of tax for companies

(a) a small company, at 0%; and

(b) any other company, at the rate of 30 per cent from the commencement of this Act.

57. (1) Notwithstanding any provision of this Act or any other enactment, where, in any year of assessment, the effective tax rate of a company is less than 15%, such company shall recompute and pay an additional tax that makes its effective tax rate equal to 15%. Effective Tax Rate

(2) The provisions of this section shall apply to —

(a) a company that is a constituent entity of an MNE group; and

(b) any other company with an aggregate turnover of ₦20,000,000,000 and above in the relevant year of assessment.

(4) For the purposes of this section —

"effective tax rate" means the rate produced by dividing the aggregate covered tax paid by a company for a year of assessment by the profits of the company;

"profits" means the net profits before tax as reported in the audited financial statement less 5% of depreciation and personnel cost for the year.

58. The income tax payable on the chargeable income of an individual, other than an individual earning the Minimum Wage in line with the Minimum Wage Act, in respect of each year of assessment, shall be as specified in the Fourth Schedule to this Act. Rates of tax for individuals

Act No. 8, 2019

Fourth Schedule

PART X — DEVELOPMENT LEVY

59. (1) A development levy of 4% is imposed on the assessable profits of all companies chargeable to tax under Chapters Two and Three of this Act, other than small companies and non-resident companies. Development Levy

TheNigeriaLawyer

(2) The Service shall collect the levy and pay it into a special account created for that purpose.

(3) The revenue accruing from the levy shall be distributed as follows —

(a) Tertiary Education Trust Fund — 50%;

(b) Nigerian Education Loan – 15%;

(c) National Information Technology Development Fund – 8%;

(d) National Agency for Science and Engineering Infrastructure – 8%;

(e) National Board for Technological Incubation — 4%;

(f) Defence and Security Infrastructure Fund – 10%; and

(g) National Cybersecurity Fund – 5%.

(4) The tax imposed under this Part shall not be levied on assessable profits computed for the purposes of hydrocarbon tax.

(5) For the purpose of this section, every beneficiary Agency and Fund in subsection (3) shall be required to prepare and submit their income and expenditure to the National Assembly for appropriation.

(6) The provisions of the Fourteenth Schedule shall apply for the purpose of further allocation of the distribution in subsection (3)(f). Fourteenth Schedule

PART XI — SPECIALISED TRADE OR BUSINESS

60. Where a trade or business is carried on by an export processing or export free zone entity, the provisions of the Second Schedule to this Act shall apply. Export Processing and Export Free Zone entities

Second Schedule

61. (1) An insurance business shall be taxed as a — Insurance trade or business

(a) general insurance company, whether proprietary or mutual, other than a life insurance company; or

(b) life insurance company.

Provided that the profits on which tax may be imposed for an insurance business shall be in accordance with section 6 or 17 of this Act.

(2) The profits on which tax may be imposed —

TheNigeriaLawyer

(a) in the case of a general insurance, shall be ascertained in accordance with the provisions of subsection (3) as if the whole premium and investment incomes of the company were derived from Nigeria; and

(b) in the case of a life insurance, shall be ascertained in accordance with the provisions of subsections (4) and (5) as if the whole investment and other incomes were received in Nigeria and all the expenses and other outgoings of the company were incurred in Nigeria.

(3) For a general insurance business, the profit on which tax may be imposed shall be ascertained by taking the gross premium and other income receivable, less reinsurance, and deducting from the balance so arrived at, a reserve for unexpired risks, determined in accordance with subsection (9)(a) and other deductions allowed under subsection (9)(b) and Chapter Two of this Act.

(4) For a life insurance business, the profits on which tax may be imposed shall be the investment income, and other income, less the management expenses, including commission.

(5) Any amount distributed in any form as dividend from an actuarial revaluation of unexpired risks or from any other revaluation shall be deemed to be part of the total profits of a company engaged in life insurance business.

(6) The company shall provide the Service with full particulars of any revaluation carried out, including a copy of the actuary's revaluation certificate, not more than three months after an actuarial revaluation of unexpired risks or any other revaluation has taken place.

(7) Where an insurance company carries on a life class and a general or non-life class insurance business, the funds and books of accounts of one class shall be kept separate from the other as though one class does not relate to the other class, and the annual tax returns of the two classes of insurance businesses shall be made separately.

(8) Each class of insurance shall be assessed separately as life insurance assessment or non-life insurance assessment, and in respect of each class of insurance business, where there are more than one type of insurance in the same class, they form one type of business and the loss from one class shall not be allowed against the income from another class of insurance business, provided that the loss shall be available to be carried forward against the profits from the same class of insurance business.

(9) An insurance company, other than a life insurance company, shall be allowed to deduct from its premium the following reserves for tax purposes —

(a) reserve for unexpired risks, calculated on a time apportionment basis of the risks accepted in the year; and

TheNigeriaLawyer

(b) for outstanding claims and outgoings, an amount equal to the total estimated amount of all outstanding claims and outgoings, provided that any amount not utilised towards settlement of claims and outgoings shall be added to the total profits of the following year.

(10) An insurance company, in respect of its life insurance business, shall be allowed to deduct the following from its investment income and other incomes —

(a) an amount which makes a general reserve and fund equal to the net liabilities on policies in force at the time of an actuarial valuation;

(b) an amount which is equal to 1% of gross premium earned or 10% of net profits, whichever is greater, to a special reserve fund and accumulated until it becomes the amount of the statutory minimum paid-up capital; and

(c) all allowable business outgoings.

(11) A reinsurance company shall be allowed to deduct the following from its gross profit, to be credited to a general reserve fund —

(a) an amount not more than 50% of the gross profits of the reinsurer for the year, where the general reserve fund is less than the statutory minimum paid-up capital; or

(b) an amount not more than 25% of the gross profits of the reinsurer for the year, where the fund is equal to, or exceeds the statutory minimum paid-up capital.

(12) An insurance company that engages the services of an insurance agent, a loss adjuster or an insurance broker shall include in its annual tax returns, a schedule showing the name and address of that agent, loss adjuster or insurance broker, the date their services were employed and terminated, as applicable, and payments made to each such agent, loss adjuster or insurance broker for the period covered by the tax returns.

(13) For the purposes of this section —

"gross premium" means the total premiums written, received and receivable, excluding unearned premium and premiums returned to the insured;

"gross income" means total income earned by a life insurance business including all investment income, fees, commission and income from other assets but excluding franked investment income, premiums received and claims paid by re-insurers;

"investment income" for the purposes of taxation of a life insurance

TheNigeriaLawyer

company under this section means income derived from investment of shareholders' funds;

"non-life insurance business" means general or other insurance business, other than life insurance business; and

"other income", for the purposes of non-life insurance businesses, means all the income of the non-life insurance business other than gross premium and franked investment income.

Lottery and gaming trade or business

62. (1) Notwithstanding anything to the contrary in any other law, the income of lottery and gaming trade or business shall be charged to tax in accordance with the provisions of this Act.

(2) In determining the assessable profits of lottery and gaming trade or business, the following deductions shall be allowed, in addition to other deductions allowed under Chapter Two of this Act —

(a) any amount paid as winnings, prizes or similar payments from the relevant Prize Fund;

(b) agency commission expenses incurred; and

(c) levies paid to relevant regulatory and government authorities as contained in relevant federal or state laws.

(3) For the purposes of this section —

"gaming" includes gambling, wagering, video poker, roulette, craps, bingo, slot or gaming machine, drawings or other games of chance conducted by any person; and

"lottery" or "lotteries" includes any betting, game, scheme, arrangement, system, plan, promotional competition or device for the distribution of prizes by lot or chance, or as a result of the exercise of skill and chance or based on the outcome of real or virtual sporting events, or any other game, scheme, arrangement, system, plan, competition or device.

Collective Investment Scheme

Act No. 2, 2025

63. (1) Where under the provisions of the Investments and Securities Act, a mutual fund is established for the purpose of providing facilities for the participation of the public, as beneficiaries under a trust, in profits or income arising from acquisition, holding, management or disposal of securities or any other property, chapter two of this Act shall, in respect of the income arising to the trustees of a collective investment, have effect as if the—

(a) trustees were a company whose business consists mainly in the making of investments and the principal part of whose income is derived from it;

TheNigeriaLawyer

(b) rights of the unit holders were shares in the company; and

(c) income accruing to the trustees as is available for payment to the unit holders were dividends on such shar es, and reference to a company in this Act shall include a collective investment scheme.

(2) For the purpose of section 27 of this Act, the profits of an authorised collective investment scheme, on which tax, may be imposed, shall be ascertained by taking the income accruing to the trustees from all the investments of the scheme and deducting there from sums disbursed as management expenses, including remuneration for the managers.

(3) Where the trustees of a scheme receive a payment on which the scheme suffers tax by deduction, not being franked investment income, the tax deducted shall constitute an advance payment of income tax and shall be set off against income tax assessment for that year of assessment in ascertaining the tax payable by the mutual fund or scheme.

(4) The profit accruing to the trustees of a collective investment that is available for payment to unit holders or for investment shall be deemed to be dividends paid or payable by the trustees to the unit holders in proportion to their rights, and shall be taxed in the hands of the unit holders.

(5) In this section—

"authorised collective investment" means a scheme that is authorised by the Securities and Exchange Commission under the Investment and Securities Act to carry on the business of dealing in a mutual fund scheme or collective investment scheme; Act No. 2, 2025

"collective investment scheme" means any arrangement made for the purpose of providing facilities for the participation of the public as beneficiaries under a trust in profits or income arising from the acquisition, holding, management or disposal of securities or any other property;

"scheme" means authorised collective investment;

trustee" under a collective investment scheme means the person in whom the property for the time being subject to any trust created under the scheme is or may be invested in accordance with the terms of the trust; and

"unit holder" means any investor, beneficiary or person who acquired units in a scheme and who is entitled to a share of the investments subject to the trusts of a scheme.

TheNigeriaLawyer

64. (1) Trade or business engaged in mining operations is subject to tax under the relevant provisions of Chapter Two of this Act. Mining operations

(2) For the purposes of computing the assessable profits of a company engaged in mining operations, any amount contributed to any fund, scheme or arrangement approved by the relevant authority for the purposes of providing for environmental protection, environmental remediation, mine rehabilitation, land reclamation and mine closure shall be tax deductible:

Provided that the amount so contributed is cash-backed and invested in a dedicated account or trust fund managed by independent trustees or funds.

(3) Royalty is imposed on any mineral obtained in the course of exploration or mining operations at a rate prescribed under the Eighth Schedule to this Act, subject to the relevant provisions of Nigeria Tax Administration Act, 2025 and the royalty paid shall be tax deductible in determining the assessable profits from the trade or business. Eighth Schedule

(4) The Service shall be the relevant tax authority for the administration of the royalty imposed under this section.

CHAPTER THREE — TAXATION OF INCOME FROM PETROLEUM OPERATIONS

PART I — HYDROCARBON TAX, ASCERTAINMENT OF CHARGEABLE TAX, ASCERTAINMENT OF CHARGEABLE PROFITS AND CONSOLIDATION FOR TAX PURPOSES

65. (1) This Part shall apply to companies engaged in upstream petroleum operations in the onshore, shallow water and deep offshore with licences and leases under the Petroleum Industry Act. Application of this Part

Act No. 6, 2021

(2) In this Part—

(a) hydrocarbon tax shall apply to crude oil as well as field condensates and liquid natural gas liquids derived from associated gas and produced in the field upstream of the measurement points; and

(b) hydrocarbon tax shall not apply to —

(i) associated natural gas, including gaseous natural gas liquids produced in the field and contained in the rich gas, and non-associated natural gas,

(ii) condensates and natural gas liquids produced from non-associated gas in fields or gas processing plants, provided the related volumes are determined at the measurement points or

TheNigeriaLawyer

at the exit of the gas processing plant, regardless of whether the condensates or natural gas liquids are subsequently commingled with crude oil, and

(iii) any condensates and natural gas liquids produced from associated gas at gas processing or other facilities downstream of the measurement points.

(3) The costs of production of associated gas, upstream of the measurement point shall be allocated to crude oil for the purposes of calculating hydrocarbon tax, provided that capital and operating costs for wells solely producing associated gas-cap gas shall not be allocated to crude oil, but shall be claimed under Chapter Two of this Act.

(4) This Part shall not apply to a frontier acreage until it is reclassified under section 68 (3) of the Petroleum Industry Act.

(5) For the purposes of determining royalties, condensates shall be treated as crude oil and natural gas liquids as natural gas.

(6) Upstream petroleum operations shall in addition to hydrocarbon tax, be subject to Chapter Two of this Act.

Charge of hydrocarbon tax

66. Subject to the provisions of section 65(2) of this Act, there is levied upon the profits of any company engaged in upstream petroleum operations in relation to crude oil, a tax to be known as hydrocarbon tax, which shall be charged and assessed on its profits related to the operations for each accounting period and payable in accordance with this Part.

Ascertainment of crude oil revenue, adjusted profit, assessable profits

Act No. 6, 2021

67. (1) Subject to this Part and the relevant provisions of the Petroleum Industry Act, in relation to any accounting period, the crude oil revenue of a company for that period shall be the value of any chargeable oil adjusted to the measurement points, based on the—

(a) proceeds of all chargeable oil sold by the company; and

(b) value of all chargeable oil disposed by the company.

(2) For the purposes of subsection (1), the value of any chargeable oil disposed, shall be regarded as the aggregate of the value of that crude oil determined for royalties for all fields in accordance with this Act, relevant provisions of the Petroleum Industry Act or any other applicable law.

(3) Subject to section 71(2) of this Act, the adjusted profits of an accounting period shall be the profits of that period after the deductions and additions under section 68 of this Act.

TheNigeriaLawyer

(4) The assessable profit of an accounting period shall be the adjusted profit of that period after any deduction allowed by section 70 of this Act.

(5) The chargeable profits of an accounting period shall be the assessable profits of that period after the deduction allowed by section 71 of this Act.

68. (1) In computing the adjusted profit of a company engaged in upstream petroleum operations related to crude oil for any accounting period, there shall be deducted expenses wholly and exclusively incurred during that period for the following — Allowable deductions

(a) rents incurred by the company for the period pursuant to a petroleum mining lease or petroleum prospecting licence;

(b) all royalties incurred by the company during that period in respect of crude oil and associated gas and where payments to the Federation Account from a petroleum mining lease is related to production sharing, profit sharing, risk service contracts or other contractual features under a model contract and the company has incurred liability for such payments;

(c) expenses directly incurred for repair of plant, machinery or fixtures employed for the purpose of carrying on production activities or for the renewal, repair or alteration of production implement, utensils or articles so employed;

(d) an expenditure, tangible or intangible directly incurred in connection with the drilling of the first exploration well and the first two appraisal wells in the same field, whether the wells are productive or not, provided that subsequent exploration wells, appraisal wells and other wells shall be treated as qualifying drilling expenditure under Part II of the First Schedule to this Act and where a deduction may be given under this section in respect of any such expenditure, that expenditure shall not be treated as qualifying drilling expenditure for the purpose of Part II of First Schedule to this Act; First Schedule

(e) any amount contributed to a fund, scheme or arrangement relating to abandonment plan approved by the Commission for the purpose of decommissioning and abandonment, provided that the surplus or residue of the fund shall be subject to tax under this Part at the end of life of the field, where such surplus is returned to the lessee;

(f) all sums incurred by the company to the Federal Government or any State or Local Government Council by way of levies, stamp duties and fees;

(g) costs of gas reinjection wells, which are re-injecting natural gas that otherwise would be flared, subject to ratification by the Commission; and

TheNigeriaLawyer

(h) any amount contributed to any fund, scheme or arrangement approved by the Commission pursuant to the establishment of host communities' development trusts under Chapter 3 of the Petroleum Industry Act, Environmental Remediation Fund, Niger Delta Development Commission and other similar contributions. Act No. 6, 2021

(2) Liability waived, released or recovered shall be treated under this Part in accordance with section 193 of this Act.

69. Subject to this Part, for the purpose of ascertaining the adjusted profit of a company in the accounting period from its upstream petroleum operations applicable to crude oil, no deduction shall be allowed in respect of — Deductions not allowed

(a) expenditure for the purchase of information relating to the existence and extent of petroleum deposits, other than for the acquisition of geophysical, geological and geochemical data and information;

(b) expenditure incurred as a penalty, natural gas flare fees or imposition relating to natural gas flare;

(c) financial or bank charges, arbitration and litigation costs, bad debts and interest on borrowing;

(d) head office or affiliate costs, shared costs, research and development costs or any other like shared indirect production costs;

(e) production bonuses, signature bonuses paid for the acquisition of, or of rights in or over, petroleum deposits, bonuses or fees paid for renewing petroleum mining lease or petroleum prospecting licence or marginal field or fees paid for assigning rights to another party;

(f) tax inputted into a contract or an agreement on a net of tax basis and paid by a company on behalf of the vendor or contractor;

(g) capital withdrawn or sum employed or intended to be employed as capital;

(h) capital employed in improvements as distinct from repairs;

(i) sum recoverable under an insurance or contract of indemnity, except an amount that is not recovered under the scheme;

(j) rent of or cost of repairs to any premises or part of premises not incurred for the purpose of those operations;

(k) amounts incurred in respect of any income tax, special tax, development levy, profits tax or other similar taxes, whether charged within Nigeria or elsewhere;

TheNigeriaLawyer

(k) the depreciation of any premises, buildings, structures, works of a permanent nature, plant, equipment, machinery, furniture or fixtures;

(l) payment to provident, savings, widows and orphans or other society, scheme or fund;

(m) any contribution to a pension, provident or other society, scheme or fund for production staff which may be approved, with or without retrospective effect, by the National Pension Commission subject to such general conditions or particular conditions, in the case of the society, scheme or fund as the Service may prescribe, provided that any sum received by or the value of any benefit obtained by the company from any approved pension, provident or other society, scheme or fund, in the accounting period of that company shall, for the purpose of section 68 (2) of this Act, be treated as income of the company for that accounting period;

(n) all customs duties;

(o) any expense on which Value Added Tax is due under this Act but not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid; and

(p) costs under paragraph 2(2)(c) of the Sixth Schedule to this Act. Sixth Schedule

70. (1) The assessable profits for each company or petroleum mining lease for any accounting period shall be the amount of the adjusted profit of that period after the deduction of the amount of any loss incurred by that company during any previous accounting period. Assessable profits and losses

(2) The assessable profit shall be determined separately for each of the two classes of chargeable tax identified in section 72 (a) and (b) of this Act.

(3) The loss referred to in subsection (1) shall be deducted to the extent possible from the amount of the adjusted profits of the accounting period immediately succeeding the accounting period in which the loss was incurred, and in subsequent accounting periods, until the loss is fully recouped.

(4) Within five months after the end of any accounting period of a company, or within such further time as the Service may permit in writing, the company may elect in writing that a deduction or any part to be made under this section shall be deferred to and be made in the succeeding accounting period, and may so elect in any succeeding accounting period.

71. (1) The chargeable profits of a company for any accounting period shall be the amount of the assessable profits of that period after the deduction of any amount to be allowed in accordance with the provisions of this section as follows — Chargeable profits and allowances

TheNigeriaLawyer

(a) the aggregate amount of capital allowances due to the company under the provisions of Part II of First Schedule to this Act for the accounting period; First Schedule

(b) the aggregate amount of all production allowances due to the company under the provisions of the Sixth Schedule to this Act for the accounting period; and Sixth Schedule

(c) in the case of acquisition costs of petroleum rights, the value of the rights and the value of the assets acquired shall be reported separately to the Service, provided that the value of the rights shall be eligible for annual allowance of 20% per annum until it is fully written off and the value of the assets shall be depreciated based on the applicable depreciation rates for the respective assets under Part II of the First Schedule to this Act. First Schedule

(2) In determining the chargeable profit, the total cost shall not exceed the cost-price ratio as determined in the Sixth Schedule to this Act. Sixth Schedule

(3) The chargeable profits and allowances shall be determined separately for the two classes of assessable profits under section 72 (a) and (b) of this Act.

(4) Where Value Added Tax is due under this Act but not charged on an asset, or in the case of an imported item, the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure under the provisions of Part II of First Schedule to this Act. First Schedule

72. The chargeable hydrocarbon tax for any accounting period of a company shall be a percentage of the aggregated chargeable profit for that period and it shall be — Chargeable hydrocarbon tax

(a) 30% of the profit from crude oil for petroleum mining leases selected under section 93 (6) (b) and (7) (b) of the Petroleum Industry Act with respect to onshore and shallow water areas; and

(b) 15% of profit from crude oil for onshore and shallow water and for petroleum prospecting licences selected under section 93 (6) (a) and (7) (a) of Petroleum Industry Act. Act No. 6, 2021

73. (1) Where, for any accounting period of a company, there is a sale of chargeable oil between connected persons, or disposal of chargeable oil between connected or unconnected persons, and the amount of the chargeable hydrocarbon tax for that period, calculated in accordance with the provisions of this Part other than this section, is less than the amount prescribed in subsection (2), the company shall pay an additional amount of chargeable hydrocarbon tax for that period equal to the difference between those two amounts. Additional chargeable tax payable in certain circumstances

(2) The amount referred to in subsection (1) is, for any accounting period of a company, the amount which the chargeable hydrocarbon tax for crude oil for that period, calculated in accordance with this Part, shall be, if the reference in section 67 (1) (a) of this Act to the proceeds of sale were a reference to the

TheNigeriaLawyer

amount obtained by multiplying the number of barrels of that crude oil determined at the measurement point by the fiscal oil price per barrel.

(3) For the purpose of subsection (2), the Commission shall establish the fiscal oil price at each measurement point on an export parity basis under paragraph 8 (1) and (2) of the Seventh Schedule of the Petroleum Industry Act and the total value of the chargeable oil for a company shall be the sum of the multiplications of volume and fiscal oil price at all measurement points as established by the Commission. Act No. 6, 2021

(4) The whole of any additional chargeable hydrocarbon tax for crude oil and associated gas payable by a company under this section for any accounting period shall be paid concurrently with the final instalment of the chargeable hydrocarbon tax payable for that period.

(5) Where there is no fiscal oil price established for a crude oil stream, the Commission shall establish fiscal oil price for such stream and the fiscal oil price per barrel established shall bear a fair and reasonable relationship —

(a) to the established fiscal oil price of Nigerian crude oil streams of comparable quality and specific gravity; or

(b) where there are no such Nigerian crude oil streams of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil of comparable quality and gravity,

due regard being had in either case to freight differentials and other relevant factors.

(6) Notwithstanding any other provision in this Part, where crude oil, which in relation to a particular company is its chargeable oil, is sold or disposed by another company, the crude oil shall for the purpose of this section be deemed to be sold or disposed by that particular company.

74. Where a company has not commenced the production and sale or disposal of chargeable oil, all costs incurred wholly and exclusively for the purpose of coming into upstream petroleum operations, subject to sections 68 and 69 of this Act, shall upon commencement of production and sale or disposal of chargeable oil be deemed to have incurred a qualifying pre-production capital expenditure which shall be amortised in line with paragraphs 2 and 14 of Part II of First Schedule to this Act. Pre-production cost First Schedule

75. The sale or transfer of a trade or business of upstream petroleum operations carried on in Nigeria by a company to another company shall be treated in accordance with section 190 of this Act. Trade or business sold or transferred

76. (1) A company engaged in upstream petroleum operations across terrains shall be allowed to consolidate costs and incomes for the purpose of income tax under Chapter Two of this Act. Consolidation of costs and revenue

TheNigeriaLawyer

(2) A company engaged in upstream petroleum operations related to crude oil across terrains shall be allowed to consolidate costs and revenue for the purposes of hydrocarbon tax, only across assets in which it holds licences and leases in accordance with the two categories of chargeable tax stipulated in section 72 of this Act

77. (1) A person, other than a company, who engages in upstream petroleum operations either on his own account or jointly with any other person or in partnership with any other person with a view to sharing the profits arising from the operations; commits an offence. Partnerships

(2) Where the person referred to in subsection (1) has benefitted from any profits on upstream petroleum operations, the person shall be subject to hydrocarbon tax and income tax under section 78 of this Acton the profits and shall pay a penalty provided under the Nigeria Tax Administration Act, 2025.

(3) Where two or more companies are engaged in upstream petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, tax shall be charged and assessed on them in accordance with subsection (4).

(4) The apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and the tax chargeable upon each company shall be in line with the equity interest of the parties under a jointly executed agreement that will be made available to the Service and where no jointly executed agreement is made available, the Commission shall advise the Service of the approved equity interest of the parties and it shall be binding on the parties.

(5) Subject to this Part, where two or more companies are engaged in upstream petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, the Service may make regulations, for the ascertainment of tax to be charged or assessed upon each company so engaged.

(6) Regulations made under subsection (5) may make provisions —

(a) with respect to apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and tax chargeable upon each company;

(b) for the computation of any tax as if the partnership, joint venture, scheme or arrangement were carried on by one company and apportion the tax between the companies concerned;

(c) to accept other basis of ascertaining the tax chargeable upon each of the companies; or

TheNigeriaLawyer

(d) which have regard to any circumstances whereby the operations are partly carried on for any company by an operating company whose expenses are reimbursed by those companies.

(7) Regulations made under this section may be of general application for the purpose of this section and this Part or for a class of arrangement or for a particular application to a specific partnership, joint venture, scheme or arrangement.

(8) The effect of regulations made under this section shall not impose a greater burden of tax upon any company so engaged in any partnership, joint venture, scheme or arrangement than would have been imposed upon that company under this Part, if all things enjoyed, done or suffered by such partnership, joint venture, scheme or arrangement had been enjoyed, done or suffered by that company in the proportion in which it enjoys, does or suffers those things under or by virtue of that partnership, joint venture, scheme or arrangement.

Income tax on petroleum operations

Act No. 6, 2021

78. (1) Sections 78 to 88 of this Act and the provisions of chapter two of this Act shall apply to any company, concessionaire, licensee, lessee, contractor or subcontractor involved in the upstream, midstream or downstream petroleum operations under the Petroleum Industry Act.

(2) For the purpose of determining the value of chargeable crude oil or chargeable gas, in relation to any accounting period, the crude oil and gas revenue of a company for that period shall be the value of any chargeable oil or chargeable gas adjusted to the measurement points, based on the —

(a) proceeds of all chargeable oil or gas sold by the company; and

(b) value of all chargeable oil or gas disposed by the company.

(3) In determining the income tax under Chapter Two of this Act —

(a) hydrocarbon tax is not deductible; and

(b) income chargeable to tax includes —

(i) all income of that period incidental to and arising from any one or more of its petroleum operations, and

(ii) gains arising from the disposal of assets accruing to the company in any accounting period, ascertained in accordance with the relevant provisions of Part VIII of Chapter two of this Act.

Registration and use of separate

79. (1) Subject to sections 142 (2) and 197(2) of the Petroleum Industry Act, a person intending to be involved in more than one stream, that is, upstream,

TheNigeriaLawyer

midstream or downstream petroleum operations, shall register and use a separate company for each stream of petroleum operations under the Petroleum Industry Act:

company for each stream of petroleum operations

Provided that, for companies with petroleum mining leases selected under section 93 (6) (b) and (7) (b) of the Petroleum Industry Act, no stamp duties, value added tax or income tax on chargeable gains shall be levied by the Government on such segregation.

Act No. 6, 2021

(2) For strategic projects in the upstream petroleum operations that seek to produce oil and natural gas to be processed or refined to finished petroleum products, and supplied in wholesale solely to the domestic market, such projects shall have the option to be established as an integrated strategic project (ISP), whereby the capital investment in the associated midstream petroleum operations as defined under the Petroleum Industry Act, can be consolidated with the upstream petroleum operations for purposes of tax.

(3) Where an ISP option is elected, the following provisions shall apply —

(a) arm's length transfer prices shall be established to fiscalise the hydrocarbons transferred from the upstream petroleum operations to the midstream petroleum operations; and

(b) capital investment in the midstream petroleum operations consolidated with upstream petroleum operations shall not be represented for capital allowance when fiscalising the income from midstream petroleum operations.

80. (1) In addition to the economic development tax incentive that may be granted under Part II of Chapter Eight of this Act, investors in gas pipeline shall be granted a tax-free period of five years at the expiration of the economic development incentive certificate.

Provisions relating to gas

(2) Natural gas transferred or disposed from the upstream to the midstream or downstream shall be subject to tax under the relevant provisions of Chapter Two of this Act.

(3) Natural gas liquids and liquid petroleum gases derived from natural gas shall be subject to income tax under the relevant provisions of Chapter Two of this Act.

81. (1) Acquisition costs of petroleum rights shall be eligible for annual allowance at the rate of 20% until the cost is fully written off.

Allowances for the purposes of income tax on petroleum operations

(2) Capital allowance for other assets shall be granted as follows —

(a) upstream petroleum operations assets shall be in accordance with Part II of the First Schedule to this Act; and

First Schedule

(b) midstream and downstream operations shall be in accordance with Part I of the First Schedule to this Act.

First Schedule

TheNigeriaLawyer

82. (1) For the purpose of determining income tax, section 20 of this Act shall be read in conjunction with the provisions of this subsection as regards the followings — Expense deductibility

(a) all rents and royalties the liability for which was incurred by the company during that period in respect of crude oil sold, condensate sold and natural gas sold or delivered or disposed of in any other commercial manner and where a petroleum mining lease includes payments to the Federation Account related to production sharing, profit sharing, risk service contracts or other contractual features and the company has incurred liability for such payments and such payments were made;

(b) any amount contributed to any fund, scheme or arrangement approved by the Commission or Authority for the purpose of providing for —

(i) abandonment and decommissioning,

(ii) petroleum host communities development trust, or

(iii) environmental remediation; and

(c) any other deduction as may be prescribed by the Minister by order published in the Official Gazette.

(2) For the purpose of determining income tax, section 21 of this Act shall be read in conjunction with the provisions of this subsection as regards the followings —

(a) any expenditure for the purchase of information relating to the existence and extent of petroleum deposits, other than for the acquisition of geological, geophysical and geochemical data or information;

(b) any expenditure incurred as a penalty including natural gas flare fees or any such imposition relating to natural gas flare;

(c) production bonuses, signature bonuses paid for the acquisition of, or of rights in or over, petroleum deposits; signature bonuses or fees paid for renewing petroleum mining lease or petroleum prospecting licence or fees paid for assigning rights to another party including for marginal fields; and

(d) any tax inputted into a contract or an agreement on a net of tax basis and paid by a company on behalf of the vendor or contractor.

83. Any company involved in upstream petroleum operations shall apply the accounting periods established for hydrocarbon tax on an actual year basis for its income tax. Basis period for income tax on petroleum operations

TheNigeriaLawyer

84. (1) Where, for any accounting period of a company, there is a sale of chargeable oil or chargeable gas between connected persons, or disposal of chargeable oil or chargeable gas between connected or unconnected persons, and the amount of the income tax chargeable for that period, calculated in accordance with the provisions of sections 78 to 83, and Chapter Two of this Act, is less than the amount prescribed in subsection (2), the company shall be liable to pay an additional amount of chargeable tax for that period equal to the difference between those two amounts.

Additional income tax payable in certain circumstances

(2) The amount referred to in subsection (1) is, for any accounting period of a company, the amount which the chargeable tax for crude oil or gas for that period, calculated in accordance with this section and chapter two of this Act shall be, if the reference in section 78 (2)(a) and (b) of this Act, to the proceeds of sale or disposal were a reference to the amount obtained by multiplying the number of barrels of that crude oil or gas determined at the measurement point by the fiscal oil price per barrel or fiscal gas price per MMBtu.

(3) For the purposes of subsection (2), the relevant sum per barrel of crude oil, condensate or gas per MMBtu by a company is the fiscal oil price or fiscal gas price applicable to that crude oil or gas as may be established by the Commission.

(4) The whole of any additional chargeable tax for crude oil or chargeable gas payable by a company under this section for any accounting period shall be paid concurrently with the final instalment of the chargeable tax payable for that period.

(5) Where there is no fiscal oil price or fiscal gas price established for a crude oil stream or gas, the Commission shall establish fiscal oil price or fiscal gas price for such stream and the fiscal oil or gas price established shall bear a fair and reasonable relationship —

(a) to the established fiscal oil or gas price of Nigerian crude oil streams or gas of comparable quality and specific gravity; or

(b) where there are no such Nigerian crude oil streams or gas of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil or gas of comparable quality and gravity,

due regard being had in either case to freight differentials and other relevant factors.

(6) Notwithstanding any other provision in this Part, where crude oil or gas, which in relation to a particular company is its chargeable oil or gas, is sold or disposed by another company, the crude oil or gas shall for the purpose of this section be deemed to be sold or disposed by that particular company.

85. (1) Notwithstanding the provisions of this Act or any other law, the provisions of this section shall apply to all Non-Associated Gas greenfield developments in onshore and shallow water terrains reaching first commercial gas production

Non-Associated gas greenfield developments in

TheNigeriaLawyer

from the commencement of this Act to 1 January 2029 — onshore and shallow water terrains

(a) where the hydrocarbon liquids do not exceed 30 barrels per million standard cubic feet, there shall be granted a gas production tax credit at the rate of US$1.00 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower;

(b) where the hydrocarbon liquids exceed 30 barrels per million standard cubic feet but do not exceed 100 barrels per million standard cubic feet, there shall be granted a gas production tax credit at the rate of US$0.50 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower;

(c) where the hydrocarbon liquids exceed 100 barrels per million standard cubic feet, the incentives under subsections (a) and (b) shall no longer apply;

(d) the gas tax credit granted by this section shall apply on Non-Associated Gas sales for 10 years only, beginning from the date of attaining first gas production; and

(e) at the expiration of the 10 years referred to in subsection (1)(d), gas production allowance shall be granted at the respective rates set out in subsection (1)(a) and (b), provided that gas production tax credit and gas production allowance shall not be granted in respect of gas production of the same period.

(2) In the case of all other Non-Associated Gas Greenfield projects with first commercial gas production after 1st January 2029, gas production allowance shall be granted at US$0.50 per thousand cubic feet or 30% of the fiscal gas price, whichever is lower, provided that the hydrocarbon liquids do not exceed 100 barrels per million standard cubic feet.

(3) The gas production tax credit that can be recouped in any year shall not exceed the tax payable on the field(s) for that year on that income, subject to the payment of any minimum tax where applicable.

(4) Unrecouped tax credit in one year may be carried forward for a maximum of three years.

(5) The fiscal gas price for calculating gas production tax credit and gas production allowance shall be the same price used for determining royalties.

(6) The provisions of this section shall apply to oil mining leases and petroleum mining leases.

(7) Where first gas production cannot be achieved due to force majeure, such as natural disasters or acts of terrorism, the timelines and obligations stipulated in subsection (1) may be suspended, subject to approval by the Commission, until such time as the force majeure ceases to exist.

(8) The Commission shall certify the applicable hydrocarbon liquid ratios for the purposes of ascertaining appropriate gas production tax credit or gas

TheNigeriaLawyer

production tax allowance.

(9) The incentives under this section shall not apply to any company that has claimed Associated Gas Framework Agreement incentives for the same Non-Associated Gas Greenfield project.

86. Notwithstanding section 233(1) of the Petroleum Industry Act, a provision made for decommissioning and abandonment fund shall not be deductible for tax purposes, except —

Provision Relating to Decommissioning and Abandonment of Funds

Act No. 6, 2021

(a) the licensee or lessee deposit a minimum of 30% of the decommissioning and abandonment fund with a Nigerian Bank, in the form of an escrow account accessible by the Commission or Authority; and

(b) the Nigerian bank is accredited in accordance with the criteria for accreditation for participation in the management of the fund, determined by the Central Bank of Nigeria in collaboration with the Service.

87. (1) This Part and the provisions of the Petroleum Industry Act shall not apply to holders of an oil prospecting licence or oil mining lease who do not enter into a conversion contract until the termination or expiration of the respective oil prospecting licence or oil mining lease.

General application of this Part and other matters

Act No. 6, 2021

(2) Notwithstanding subsection (1), the provisions of Chapter Two of this Act and paragraph 6 of the First Schedule to the Petroleum Industry Act shall apply to licences and leases awarded to indigenous Nigerian companies on a sole risk basis under the Petroleum Act Cap. P10, Laws of the Federation of Nigeria, 2004, on which the Government has successfully exercised its back-in rights prior to the effective date of the Petroleum Industry Act, but any renewal of an oil mining lease shall be based on the provisions of this Part and the Petroleum Industry Act.

Act No. 6, 2021

(3) The fiscal provisions of this Part are the base terms that are applicable, and the Commission may under section 74(2) of Petroleum Industry Act conduct a licensing round whereby the bid parameter is a higher royalty, profit oil share or other fiscal features in order to ensure that the Government receives the full market value for each block.

88. (1) Fiscal stabilisation sections contained in a production sharing contract or other contracts entered into after the commencement of the Petroleum Industry Act shall not be applicable to the fiscal provisions listed in this Part, regardless of whether the changes in fiscal provisions affect the contractor favourably or unfavourably, provided such changes in fiscal provision are being made in a manner that is not discriminatory to the petroleum industry or the contractor.

Fiscal stabilisation

Act No. 6, 2021

TheNigeriaLawyer

(2) The respective fiscal provisions referred to in subsection (1) are —

(a) generally applicable taxes, such as income tax, development levy, value added tax, stamp duties, and deduction of tax at source;

(b) levies, taxes or payments to comply with modern principles in respect of environment, labour laws, health and safety; and

(c) new taxes, levies or duties as may be prescribed by the Climate Change Act, or to implement Nigeria's commitments with respect to climate change under any international agreement. Act No. 11, 2021

89. (1) All production of petroleum, including production tests shall be subject to royalties as provided in the Seventh Schedule to this Act. Petroleum royalty

Seventh Schedule

(2) The Service shall be the relevant tax authority for the administration of the royalty imposed under this Part, and the Seventh Schedule to this Act. Seventh Schedule

PART II — PETROLEUM PROFITS TAX

IMPOSITION OF TAX AND ASCERTAINMENT OF CHARGEABLE PROFITS, ASCERTAINMENT OF ASSESSABLE TAX AND OF CHARGEABLE TAX

90. (1) This Part shall apply to oil prospecting licences and oil mining leases that are yet to convert under the provisions of the Petroleum Industry Act. Charge of petroleum profits tax

(2) Subject to Part I of Chapter Three of this Act and subsection (1), there is levied upon the profits of each accounting period of a company engaged in petroleum operations during that period a tax to be charged, assessed and payable in accordance with the provisions of this Part. Act No. 6, 2021

91. (1) Subject to the provisions of this Part, the revenue of a company in an accounting period shall be the aggregate of — Ascertainment of profits, adjusted profit, assessable profits and chargeable profits

(a) the proceeds of sale of all chargeable oil sold by the company in that period;

(b) the value of all chargeable oil disposed by the company in that period;

(c) all income of the company of that period incidental to and arising from any one or more of its petroleum operations; and

(d) gains arising from the disposal of assets accruing to the company in any accounting period, ascertained in accordance with the

TheNigeriaLawyer

relevant provisions of Part VIII of Chapter two of this Act which shall be taxable at the rate provided under section 56 of this Act.

(2) For the purposes of subsection (1)(b), the value of any chargeable oil disposed shall be taken to be the value of that oil in line with the applicable legislation.

(3) The adjusted profit of an accounting period shall be the profits of that period after the deductions allowed under section 92(1) of this Act and any adjustment to be made in accordance with the provisions of sections 92(2) and 96 of this Act.

(4) The assessable profit of an accounting period shall be the adjusted profit of that period after any deduction allowed under section 97 of this Act.

(5) The chargeable profits of an accounting period shall be the assessable profits of that period after the deductions allowed under section 98 of this Act.

Deductions allowed

92. (1) In computing the adjusted profit of a company for an accounting period from its petroleum operations, there shall be deducted all outgoings and expenses wholly and exclusively incurred, during the period by the company for the purpose of its operations, as follows —

(a) rents incurred by the company for that period in respect of land or buildings occupied under an oil prospecting licence or an oil mining lease for disturbance of surface rights or for any other like disturbance;

(b) all non-productive rents incurred by the company during that period;

(c) all royalties incurred by the company during that period in respect of natural gas sold and actually delivered to the Nigerian National Petroleum Company Limited, or sold to any other buyer or customer or disposed in any other commercial manner;

(d) all royalties incurred by the company during the period in respect of crude oil or of casinghead petroleum spirit won in Nigeria;

(e) customs or excise duty or other like charges in respect of machineries, equipment and goods used in the company's petroleum operation incurred by the company to the Federal Government of Nigeria during the period;

(f) any expense incurred for repair of premises, plant machinery, or fixtures employed for the purpose of carrying on petroleum operations, or for the renewal, repair or alteration of any implement, utensils or articles employed;

(g) interest incurred on money borrowed by such company where the Service is satisfied that the interest was payable on capital employed in carrying on its petroleum operations subject to the

TheNigeriaLawyer

provisions of the Third Schedule to this Act and the Transfer Pricing Regulations; Third Schedule

(h) any expenditure being intangible drilling costs directly incurred in connection with drilling and appraisal of a development well;

(i) any expenditure (tangible or intangible) directly incurred in connection with the drilling of an exploration well and the next two appraisal wells in the same field whether the wells are productive or not, provided that where a deduction is made under this section in respect of any such expenditure, that expenditure shall not be treated as qualifying drilling expenditure for the purpose of Part III of the First Schedule to this Act; First Schedule

(j) any contributions to pension, provident or other society, scheme or fund, which may be approved, under the Pensions Reform Act, provided that the sum received by or the value of any benefit obtained by such company, from any approved pension, provident or other society, scheme or fund, in any accounting period of that company shall, for the purpose of subsection (1)(c) of section 90 of this Act, be treated as income of the company for that accounting period; Act No. 2, 2014

(k) customs and excise duties, stamp duties, or any other rate, fee or other like charges, other than any tax on income, incurred by the company during the period to the Federal Government, a State or Local Government;

(l) any amount contributed to a fund, scheme or arrangement approved by the Commission for the purpose of decommissioning and abandonment, subject to the production of the Statement of Account of the decommissioning and abandonment fund: Provided that the surplus or residue of the fund after decommissioning and abandonment of the field shall be subject to tax under this Part;

(m) debts directly incurred to the company and proved to the satisfaction of the Service to have become bad or doubtful in the accounting period for which the adjusted profits is being ascertained, notwithstanding that such bad or doubtful debts were due and payable prior to the commencement of that period, provided that —

(i) the debt was included as a profit from petroleum operations in the accounting period in which they were incurred or advances made in the normal course of carrying on petroleum operations not being advances on account of any item under section 97 of this Act;

(ii) the deduction to be made in respect of a doubtful debt shall not exceed that portion of the debt which is proved to have become doubtful during that accounting period, and shall not include any amount deducted under the provisions of this paragraph in

TheNigeriaLawyer

determining the adjusted profit of a previous accounting period, and

(iii) all sums recovered by the company during that accounting period on account of amounts previously deducted in respect of bad or doubtful debts shall be treated as income of the company for that period;

(n) development levy paid under section 59 of this Act.

(o) such other deductions as may be prescribed by any rule made under this Part.

(2) Liability waived, released or recovered shall be treated under this Part in accordance with section 193 of this Act.

93. (1) The following incentives shall apply to a company engaged in the utilisation of associated gas — Incentives for utilisation of associated gas

(a) investment required to separate crude oil and gas from the reservoir into usable products shall be considered as part of the oil field development;

(b) capital investment on facilities or equipment to deliver associated gas in usable form at utilisation or designated custody transfer points shall be treated for tax purposes, as part of the capital investment for oil development;

(c) capital allowances, operating expenses and basis of tax assessment shall be subject to the provisions of this part and the tax incentives under the revised memorandum of understanding.

(2) The incentives specified under subsection (1) shall be subject to the following conditions —

(a) condensates extracted and re-injected into the crude oil stream shall be treated as oil, but those not re-injected shall be treated under existing tax arrangement;

(b) the company shall pay the minimum amount charged by the Minister of Petroleum Resources for any gas flared by the company;

(c) the company shall, as far as practicable, keep the expenses incurred in the utilisation of associated gas separate from those incurred on crude oil operation and expenses that cannot be separated shall be allowable against the crude oil income of the company under this Act;

(d) expenses identified as incurred exclusively in the utilisation of associated gas shall be regarded as gas expenses and be allowable against the gas income and profit to be taxed under Chapter Two of this Act;

TheNigeriaLawyer

(e) companies which invest in natural gas liquid extraction facilities to supply gas in usable form to downstream projects, including aluminium smelter and methanol, Methyl Tertiary Butyl Ether and other associated gas utilisation projects shall benefit from the incentives;

(f) all capital investments relating to the gas-to-liquids facilities shall be treated as chargeable capital allowance and recovered against the crude oil income; and

(g) gas transferred from the natural gas liquid facility to the gas-to-liquid facilities shall be at zero per cent tax and zero per cent royalty.

(3) Where a company has enjoyed any incentive under this section, the company shall not claim similar incentive under any law in Nigeria **regarding the same investment or project,** including economic development tax incentive and gas pipeline investment incentive under section 80 of this Act.

Application of incentives to utilisation of non-associated gas

94. All incentives granted in respect of investments in associated gas shall be applicable to investments in non-associated gas.

Deductions not allowed

95. (1) Subject to the provisions of this Part, for the purposes of ascertaining the adjusted profit of any company for any accounting period from its petroleum operations, no deduction shall be allowed in respect of —

(a) any capital withdrawn or any sum employed or intended to be employed as capital;

(b) any capital employed in improvements as distinct from repairs;

(c) any sum recoverable under an insurance or contract of indemnity;

(d) rent of or cost of repairs to any premises or part of premises not incurred for the purposes of those operations;

(e) any amount incurred in respect of any income tax, profits tax or other similar tax whether charged within Nigeria or elsewhere;

(f) the depreciation of any premises, buildings, structures, works of a permanent nature, plant, equipment, machinery, furniture or fixtures;

(g) any payment to any pensions, provident, savings widows' and orphans' or other society scheme or fund, except such payments as are allowed under subsection (1) (j) of section 91 of this Act;

(h) customs duty on goods, including articles or any other thing, imported by the company —

TheNigeriaLawyer

(i) or resale or for personal consumption of employees of the company, or

(ii) where goods of the same quality to those imported are produced in Nigeria and are available for sale to the public at a price lower or equivalent to the cost of the imported goods at the time the imported goods were ordered by the company;

(i) any expenditure for the purchase of information relating to the existence and extent of petroleum deposits;

(j) any qualifying expenditure for the purposes of Part III of the First Schedule to this Act, and any expense or deduction in respect of a liability incurred which is deductible under any other provision of this Act; First Schedule

(k) any tax or penalty borne on behalf of another person; and

(l) any expense on which Value Added Tax is due under this Act but not charged, or in the case of imported items, any expense on which the applicable import duty or levy was not paid.

(2) Notwithstanding the provisions of section 92(1) of this Act, in computing the adjusted profit of any company of any accounting period, deduction shall not be allowed in respect of any sum incurred to a related party where the cost is not in accordance with the Transfer Pricing Regulations.

96. Where a company engaged in petroleum operations is engaged in the transportation of chargeable oil by ocean going oil-tankers operated by or on behalf of the company from Nigeria to another territory, adjustments shall be made in computing an adjusted profit or a loss to exclude any profit or loss attributable to such transportation. Exclusion of certain profits

97. (1) Subject to the provisions of this section, the assessable profits of a company for any accounting period shall be the amount of the adjusted profit of that period after the deduction of — Assessable profits and losses

(a) the amount of any loss incurred by that company during any previous accounting period; and

(b) in a case of a business restructuring, the amount of any loss which is allowed for deduction by the new company under section 190 of this Act in its trade or business during its first accounting period.

(2) The loss referred to in subsection (1) shall be deducted to the extent possible from the amount of the adjusted profits of the accounting period immediately succeeding the accounting period in which the loss was incurred, and in subsequent accounting periods, until the loss is fully recouped.

(3) Subject to the approval of the Service, a company may, within five months after the end of an accounting period, or such further time as the Service may

TheNigeriaLawyer

permit, elect in writing, that a deduction to be made under this section, or part of the deduction, be deferred to succeeding accounting periods.

98. (1) The chargeable profits of a company of any accounting period shall be the amount of the assessable profits of that period after the deduction of any amount to be allowed in accordance with the provisions of this section. Chargeable profits and capital allowances

(2) There shall be computed the aggregate amount of all allowances due to the company under the provisions of Part III of the First Schedule to this Act for the accounting period. First Schedule

(3) In calculating the amount of the deduction to be allowed under this section for an accounting period, the limitation imposed by subsection (4) shall be applied to ensure that the tax chargeable on the company for that period is not less than 15% of the tax chargeable for the period, where no deduction is made under this section.

(4) The amount to be allowed as a deduction under this section shall be, the lower of —

(a) the aggregate amount computed under subsection (2); or

(b) a sum equal to 85% of the assessable profits of the accounting period less 170% of the total amount of the deduction allowed as petroleum investment allowance computed under Part III of the First Schedule to this Act for the period. First Schedule

(5) Where the total amount of the allowances computed under subsection (2) cannot be deducted under subsection (1) due to insufficiency of or no assessable profits for the accounting period or to the limitation imposed by subsection (4) the total amount or the part which has not been deducted, shall be —

(a) added to the aggregate amount to be computed under subsection (2) for the succeeding accounting period of the company; and

(b) deemed to be an allowance due to the company, under the provisions of Part III of the First Schedule to this Act for that succeeding accounting period. First Schedule

(6) Where Value Added Tax is due under this Act but not charged on an asset, or in the case of an imported item, the applicable import duty or levy was not paid, the relevant expenditure shall not be eligible as a qualifying capital expenditure under the provisions of Part III of First Schedule to this Act. First Schedule

99. (1) The assessable tax for an accounting period of a company shall be an amount equal to 85% of its chargeable profits of that period. Assessable petroleum profits tax

(2) Where a company has not commenced a sale or bulk disposal of chargeable

TheNigeriaLawyer

oil under a programme of continuous production, its assessable tax for an accounting period during which it has not fully amortised all its pre-production capitalised expenditure, shall be 65.75% of the chargeable profits for that period:

provided that —

(a) the period of the tax rate under this subsection shall not be more than five years, commencing from the first accounting period of the company, notwithstanding any other incentive as may be granted to the company; and

(b) where a company is granted a licence or lease or acquires an interest in an oil and gas asset that has enjoyed the provision of this subsection, the company shall be subject to tax under the provision of subsection (1) from its first accounting period.

Additional chargeable tax payable in certain circumstances

100. (1) Where, for any accounting period of a company, there is a sale of chargeable oil between connected persons, or disposal of chargeable oil between connected or unconnected persons, and the amount of the chargeable tax for that period, calculated in accordance with the provisions of this Part other than this section, is less than the amount prescribed in subsection (2), the company shall pay an additional amount of chargeable tax for that period, equal to the difference between those two amounts.

(2) The amount referred to in subsection (1) is, for any accounting period of a company, the amount which the chargeable tax for that period, calculated in accordance with the provisions of this Part, shall be, if the reference in section 91 (1) (a) and (b) of this Act to the proceeds of sale were a reference to the amount obtained by multiplying the number of barrels of that crude oil determined at the measurement point by the fiscal oil price per barrel.

(3) For the purpose of this section, the total value of the chargeable oil for a company shall be the sum of the multiplications of volume and fiscal oil price as established by the Commission at the measurement point.

(4) The whole of any additional chargeable tax for crude oil payable by a company under this section for any accounting period shall be payable concurrently with the final instalment of the chargeable tax payable for that period.

(5) Where there is no fiscal oil price established for a crude oil stream, the Commission shall establish fiscal price for such stream and the fiscal oil price per barrel established shall bear a fair and reasonable relationship —

(a) to the established fiscal oil price of Nigerian crude oil streams of comparable quality and specific gravity; or

(b) where there are no such Nigerian crude oil streams of comparable quality and specific gravity, it shall bear a fair and reasonable relationship to the official selling prices at main international trading centres for crude oil of comparable quality and gravity, due regard being had in either case to freight differentials and other

TheNigeriaLawyer

relevant factors.

(6) Notwithstanding any other provision in this Part, where a particular company's chargeable oil is exported from Nigeria or sold locally by another company, that chargeable oil for the purpose of this Part shall be deemed to be exported from Nigeria or sold by that particular company.

101. (1) A person, other than a company, who engages in petroleum operations either on his own account or jointly with any other person or in partnership with any other person with a view to sharing the profits arising from those operations commits an offence. Partnerships

(2) Where the person referred to in subsection (1) has benefitted from any profits on upstream petroleum operations, the person shall be subject to tax under this Part on the profits and shall pay a penalty provided under Nigeria Tax Administration Act, 2025.

(3) Where two or more companies are engaged in petroleum operations either in partnership, in a joint venture or in concert under any scheme or arrangement, the Service may make regulations for the ascertainment of the tax to be charged and assessed on each company so engaged.

(4) Such regulations may —

(a) modify the provisions of this Part in such manner as the Service may deem fit;

(b) provide for the apportionment of any profits, outgoings, expenses, liabilities, deductions, qualifying expenditure and the tax chargeable on each company;

(c) provide for the computation of any tax as if the partnership, joint venture, scheme or arrangement were carried on by one company and apportion that tax between the companies concerned;

(d) accept other basis of ascertaining the tax chargeable on each of the companies, which may be put forward by those companies; or

(e) contain provisions which have regard to any circumstance whereby such operations are partly carried on for the companies by an operating company whose expenses are reimbursed by those companies.

(5) Regulations made under this section may be of general application for the purposes of this section and this Part or of particular application to a specified partnership, joint venture, scheme or arrangement.

(6) The regulations made under this section shall not impose a greater burden of tax on any company engaged in any partnership, joint venture, scheme or

TheNigeriaLawyer

arrangement than would have been imposed on that company under this Part if all things enjoyed, done or suffered by such company had been enjoyed, done or suffered by the company in the proportion in which it enjoys, does or suffers those things under that partnership, joint venture, scheme or arrangement.

PART III — DEEP OFFSHORE AND INLAND BASIN PRODUCTION SHARING CONTRACTS

Production sharing contracts

Act No. 6, 2021

102. Notwithstanding anything to the contrary contained in this Act or any other law, the provisions of this Part shall apply to deep offshore and inland basin production sharing contracts that are yet to convert under the provisions of the Petroleum Industry Act No. 6, 2021 or have been renegotiated in accordance with the provisions of the Petroleum Industry Act.

Duration of oil prospecting licence

103. The duration of an oil prospecting licence relating to production sharing contracts in the deep offshore and inland basin shall be determined by the Minister charged with responsibility for matters relating to petroleum and shall be for a minimum period of five years and not exceeding ten years.

Determination of petroleum profits tax

104. (1) The petroleum profits tax payable under a production sharing contract shall be determined in accordance with Part II of chapter three of this Act, provided that the petroleum profits tax rate applicable to the contract area as defined in the production sharing contracts shall be 50% of chargeable profits for the duration of the production sharing contracts.

(2) Nothing contained in this Part shall be construed as having exempted any holder or contractor from the payment of any other tax, duty or levy imposed by any Federal, State or Local Government, or Area Council Authority.

Determination of investment tax allowance

105. Where a holder and a contractor have incurred any qualifying capital expenditure wholly and exclusively for the purposes of petroleum operations carried out under the terms of a production sharing contract in the deep offshore or inland basin, the parties shall be entitled to investment tax allowance at a rate of 50% of the qualifying expenditure in accordance with the provisions of existing applicable legislation for the accounting period in which that asset was first used for the purposes of such operations.

Royalty payable in respect of deep offshore production sharing contracts

Act No. 6, 2021

106. Royalty shall be determined and payable in accordance with the provisions of the Seventh Schedule to the Petroleum Industry Act.

Computation of petroleum profits tax

107. Computation of estimated and final petroleum profit tax shall be made in the US dollars on the basis of the US dollar returns filed.

Allocation of royalty oil

108. Royalty oil shall be allocated to the Commission or the holder, in such quantum

TheNigeriaLawyer

as shall generate an amount equal to actual royalty payable during each month and the concession rental payable annually in accordance with the production sharing contract terms.

109. (1) Cost oil shall be allocated to the contractor in such quantum as shall generate an amount sufficient for the recovery of operating costs in oil prospecting licences as defined in the production sharing contract and any oil mining leases derived therefrom. Allocation of cost oil

(2) All operating costs shall be recovered in U.S. dollars through cost oil allocations in accordance with the terms of the production sharing contract.

110. Tax oil shall be allocated to the Commission or the holder, in such quantum as shall generate an amount equal to the actual petroleum profit tax liability payable during each month. Allocation of tax oil

111 Profit oil, being the balance of available crude oil after deducting royalty oil, tax oil and cost oil, shall be allocated to each party in accordance with the terms of the production sharing contract. Allocation of profit oil

112. (1) The holder shall pay all royalty, concession rentals and petroleum profits tax on behalf of itself and the contractor out of the allocated royalty oil and tax oil. Payment royalty

(2) The Service shall issue separate tax receipts in the names of the holder and the contractor for the respective amounts of petroleum profit tax paid on behalf of the holder and contractor in accordance with the terms of the production sharing contract.

113. The chargeable tax on petroleum operations in the contract area under the production sharing contracts shall be split between the holder and the contractor in the same ratio as the split of profit oil as defined in the production sharing contract between them. Chargeable tax petroleum operations

114. (1) The realisable price as defined in the production sharing contract established by the holder in accordance with the provisions of the production sharing contract, shall be used to determine the amount payable on royalty and petroleum profits tax in respect of crude oil produced and lifted under the production sharing contract. Use of realisable price in determining royalty and petroleum profits tax in respect of crude oil

(2) The parameters for new crude oil streams produced from the contract area shall also be determined in accordance with the provisions of the production sharing contract.

115. The holder shall make available to the contractor copies of the receipts issued by the Service bearing the names of each party as defined in the production sharing contract in accordance with each party's tax oil allocation for the payment of petroleum profits tax under the provisions of the production sharing contract. Submission of receipts

TheNigeriaLawyer

116. The relevant provisions of all existing laws, including the Petroleum Act and Part II of Chapter Three of this Act shall be read with such modifications as to bring them into conformity with the provisions of this Part.

Adaptation of laws

Cap. P10, LFN, 2004

117. The Minister charged with responsibility for matters relating to petroleum shall cause the Commission to call for a review of production sharing contracts every eight years.

Review of the production sharing contract

PART IV — MISCELLANEOUS PROVISIONS

118. (1) The Service shall administer royalties payable under this Act in accordance with the provisions of the Nigeria Tax Administration Act, 2025.

Administration of royalties

(2) Notwithstanding any other provision of this Act and any other law the Commission shall account for all royalties due within the ten-year period immediately preceding the commencement of this Act and the Service shall have the authority to verify the records provided.

119. In this Part —

Interpretation

"accounting date" means the date on which a company usually prepares its accounting statement;

"accounting period" in relation to a company engaged in upstream petroleum operations, means-

(a) a period of one year commencing on 1st January and ending on 31st December of the same year;

(b) any shorter period commencing on the day the company first makes a sale or bulk disposal of chargeable oil, domestic, export or both, and ending on 31st December of the same year; or

(c) any period of less than a year being a period commencing on 1st January of any year and ending on the date in the same year when the company ceases to engage in petroleum operations;

and any dispute with respect to the date of the first sale of chargeable oil above or the date on which the company ceases to engage in petroleum operations shall be determined by the Minister responsible for Petroleum Resources.

"adjusted profits" means adjusted profit as stated in sections 67 and 91 of this Act;

"aggregate gas price" means the gas price determined under section 167(4) of Petroleum Industry Act;

TheNigeriaLawyer

"appraisal well" means a well that, in the opinion of the Commission, is aimed at determining the size, distribution, characteristics and commerciality of a petroleum discovery;

"assessable profit" means assessable profit as stated in sections 67 and 91 of this Act;

"assessable tax" for the purposes of petroleum profits tax means assessable tax ascertained under section 99 of this Act;

"associated gas" means –

(a) natural gas, commonly known as gas-cap gas, which overlies and is in contact with crude oil in a reservoir; and

(b) solution gas dissolved in crude oil in a reservoir and emerging from the fluid as pressure drops;

"Authority" means the Nigerian Midstream and Downstream Petroleum Regulatory Authority" established under the Petroleum Industry Act; Act No. 6, 2021

"barrel" means a barrel of 42 United States gallons;

"chargeable oil" means crude oil, condensate or natural gas liquids produced upstream of the measurement point as provided under section 67(1)(a) of this Act;

"chargeable profit" means chargeable profit as stated in sections 67 and 91 of this Act;

"chargeable volume" in relation to a company engaged in upstream petroleum operations means the chargeable volume as set out in paragraph 2 of the Seventh Schedule to the Petroleum Industry Act;

"Commission" means the Nigerian Upstream Petroleum Regulatory Commission established under the Petroleum Industry Act;

“company” means a company or corporation, including Limited Liability Partnership, established by or under any law in effect in Nigeria or elsewhere;

"condensate" means a portion of natural gas of such composition that are in the gaseous phase at temperature and pressure of the reservoirs, but that, when produced, are in the liquid phase at surface pressure and temperature;

TheNigeriaLawyer

"contractor" means any petroleum exploration and production company which has entered into a production sharing contract agreement or arrangement with the holder of an oil prospecting licence or an oil mining lease within the Deep Offshore and Inland Basin;

"crude oil" means for the purposes of –

(a) Part I of Chapter Three of this Act, petroleum, which is in liquid conditions upon production from a reservoir either in its natural state or after the extraction of water, sand or other foreign substance from it, but before any such oil has been refined or otherwise treated, other than oil extracted by destructive distillation from coal, bituminous shales or other stratified deposits;

(b) Part II of Chapter Three of this Act, any oil, other than oil extracted by destructive distillation from coal, bituminous shales or other stratified deposits, won in Nigeria either in its natural state or after the extraction of water, sand or other foreign substance from it but before any such oil has been refined or treated;

"decommissioning and abandonment" means the approved process of cessation of operations of crude oil and natural gas wells, installations, plants and structures, including shutting down an installation's operations and production, total or partial removal of installations and structures where applicable, chemicals and all such other materials handling, removal and disposal of debris and removed items, environmental restoration of the area after removal of installations, plants and structures, and 'decommission' has a corresponding meaning;

"deep offshore" means any area within the territorial waters, continental shelf or exclusive economic zone offshore of Nigeria having a water depth in excess of 200 metres;

"disposal" and "disposed of" in relation to chargeable oil or gas owned by a company engaged in petroleum operations, means –

(a) delivery or export, without sale, of chargeable oil or gas to an affiliate or other company, and

(b) chargeable oil or gas delivered or transferred, without sale, to facilities used for midstream operations;

"downstream gas operations" means all activities entered into for the purpose of, distribution and supply of natural gas to retail customers,

TheNigeriaLawyer

city gate reception terminals for natural gas, stations for the distribution, marketing and retailing of natural gas;

"downstream petroleum operations" means downstream gas operations and downstream petroleum products operations;

"downstream petroleum products operations" means all activities entered into for the purpose of distribution and supply of petroleum products to retail customers, tank farms for distribution of petroleum products, and stations for the distribution, marketing and retailing of petroleum products;

"exploration well" means a well that in the opinion of the Commission is aimed at discovering petroleum in a separate field in which petroleum has not been previously discovered;

"Federation Account" means the Federation Account as specified in the Constitution of the Federal Republic of Nigeria; Cap. C23 LFN, 2004

"field" includes an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same geological structural feature, stratigraphic condition, a combination of both and refers to the underground productive formations or their vertical projection to the surface;

"fiscal gas price" means the price established in paragraph 8(3) of the Seventh Schedule to the Petroleum Industry Act; Act, No. 6, 2021

"fiscal oil price" means the price established in paragraphs 8(1) and (2) of the Seventh Schedule of the Petroleum Industry Act;

"frontier acreages" means any or all acreages in an area on land in Nigeria defined as a frontier in a regulation issued by the Commission;

"frontier basin" means basins where hydrocarbon exploration activities have not been carried out or previous commercial discovery oil and gas have not been made or an area that is undeveloped and includes Anambra, Dahomey, Bida, Sokoto, Chad and Benue trough or as may be declared by the Commission through regulations;

"Government" means the Federal Government of Nigeria;

"Greenfield Non-Associated Gas Development" means all existing undeveloped non-associated gas rights and future non-associated gas rights granted under the licensing bid rounds conducted by the Commission;

TheNigeriaLawyer

"holder" means any Nigerian company who holds an oil prospecting licence or oil mining lease situated within the deep offshore and inland basin under the relevant provision of the Petroleum Act;

"host communities" means communities situated in or appurtenant to the area of operation of a settlor, and any other community as a settlor may determine under Chapter 3 of the Petroleum Industry Act;

"host communities development trust" has the meaning given to it in section 235(1) of Petroleum Industry Act;

"Inland Basin" means any of the following Basins namely, Anambra, Benin, Benue, Chad, Gongola, Sokoto and such other basins as may be determined, from time to time, by the Minister charged with responsibility for matters relating to petroleum;

"intangible drilling costs" for the purposes of petroleum profits tax means all expenditure for labour, fuel, repairs, maintenance, hauling, and supplies and materials, not being supplies and materials for well cement. casing or other well fixtures, which are for or incidental to drilling, cleaning, deepening or completing wells or the preparation incurred in respect of –

(a) determination of well locations geological studies and topographical and geographical surveys preparatory to drilling;

(b) drilling, shooting, testing and cleaning wells;

(c) cleaning, draining and levelling land, road building and the laying of foundations; and

(d) erection of rigs and tankage assembly and installation of pipelines and other plant and equipment required in the preparation or drilling of wells producing petroleum;

"large-scale gas utilisation industries" means —

(a) large-scale industries that use natural gas as a feedstock such as gas-to-liquid plants, petrochemical industries and fertiliser plants; and

(b) mini-LNG plants, power plants and such other industries as defined in regulations;

"lease" means a petroleum mining lease;

TheNigeriaLawyer

"lessee" means a holder of a lease;

"licence" means a licence issued by the Commission or Authority in respect of any applicable upstream, midstream or downstream petroleum operations;

"licensee" means a holder of a licence;

"liquefied natural gas" for the purposes of petroleum profits tax means natural gas in its liquid state at approximately atmospheric pressure;

"loss" means a loss ascertained in like manner as an adjusted profit;

"marginal field" means a field or discovery which has been declared a marginal field prior to 1st January 2021;

"marketable natural gas" means natural gas which meets specifications determined by the Authority for distribution to wholesale customers and retail customers –

(a) for use as a domestic, commercial and industrial fuel; and

(b) as feedstock or industrial raw material;

"measurement point" means —

(a) a point determined in the field development plan under section 79(2) of Petroleum Industry Act, where petroleum is being measured and its value is determined for royalty purposes;

(b) where the point has not been determined, a point directly downstream of the flow station in the petroleum mining lease; and

(c) where measurements take place outside the petroleum mining lease, a deemed measurement point in the petroleum mining lease based on a calculation procedure approved by the Commission adjusting from the points where petroleum is being measured;

"midstream and downstream gas operations" means activities downstream of the measurement points of petroleum mining leases, whether or not related to the petroleum mining lease, with respect to the construction and operation of natural gas transport or transmission pipelines, including the related compressor stations, construction and operations of facilities to compress, transport and deliver compressed natural gas (CNG); construction and operations of gas processing

TheNigeriaLawyer

facilities and central processing facilities, producing ethane, propane, butane and natural gas liquids and marketable natural gas; construction and operation of underground or above ground facilities for the storage of natural gas, ethane extraction plants, construction and operation of gas to liquids (GTL) plants, construction and operation of lubricant, petrochemical and fertiliser plants, construction and operation of LNG plants, and related LNG terminals as well as storage and transport of LNG, acquisition, operation or chartering of LNG tankers for coastal and marine transportation, purchase and sale, trading, bartering, aggregating and marketing of natural gas transported by pipelines, compressed natural gas, LNG, methane, ethane, propane, butane, natural gas liquids and liquids from GTL plants with respect to wholesale customers and gas distributors and related administration and overhead;

"midstream petroleum liquids operations" means activities downstream of the measurement points of petroleum mining leases, whether or not related to the petroleum mining lease, with respect to the construction and operation of facilities for upgrading of heavy oil, construction and operation of lubricant, petrochemical and fertiliser plants, construction and operation of petroleum liquids transport pipelines, including the related pumping stations; acquisition, operation, leasing, rental or chartering of barges, coastal or ocean-going tankers, railcars and trucks for the transport of petroleum liquids, construction, leasing and operation of tank farms and other storage facilities and export terminals for petroleum liquids, construction and operation of refineries, purchase and sale, trading, bartering, marketing of petroleum liquids and related administration and overhead;

"MMBtu" means millions of British thermal units;

"MMcf" for the purposes of petroleum profits tax means one million cubic feet;

"model contract" means a contract under section 85 of Petroleum Industry Act; Act No. 6, 2021

"natural gas" means for the purposes of –

(a) Part I of Chapter Three of this Act, all gaseous hydrocarbons, and all substances contained in it and as exist in natural state in strata, associated or not with crude oil, and are in a gaseous state upon production from a reservoir and excludes condensates; and

(b) Part II of Chapter Three of this Act, gas obtained in Nigeria from boreholes and wells and consisting primarily of hydrocarbons;

TheNigeriaLawyer

"natural gas liquids" or "NGL" means hydrocarbons liquefied at the surface in separators, field facilities or in gas processing plants, and include ethane, propane, butanes, pentanes, and natural gasoline;

"non-associated gas" means natural gas that is found in a reservoir which does not contain significant quantities of crude oil;

"non-productive rents" means and includes the amount of any rent as to which there is provision for its deduction from the amount of any royalty under a petroleum prospecting licence or oil mining lease to the extent that such rent is not so deducted;

"oil mining lease" means for the purposes of –

(a) Part I of Chapter Three of this Act, an oil mining lease granted under the Petroleum Act, prior to the effective date of the Petroleum Industry Act; Cap. P10, LFN, 2004

(b) Part II of Chapter Three of this Act, a lease granted to a company, under the Nigeria Minerals and Mining Act, for the purpose of winning petroleum or any assignment of such lease; Act, No. 20, 2007

"oil prospecting licence" means an oil prospecting licence granted under the Petroleum Act, prior to the effective date of the Petroleum Industry Act;

"onshore" means any land areas above the high-water mark, other than frontier acreages;

"parties" for the purpose of Part III of Chapter Three of this Act, includes the Commission, any Nigerian company as the holder and the contractor;

"permit" means an official certificate of permission to undertake an activity issued by the Commission or Authority;

"person" includes a company and any unincorporated body of persons;

"petroleum" means for the purposes of –

(a) Part I of Chapter Three of this Act, hydrocarbons and associated substances as exist in its natural state in strata, and includes crude oil, natural gas, condensate and mixtures of any of them, but does not include bitumen and coal;

TheNigeriaLawyer

(b) Part II of Chapter Three of this Act, any mineral oil or relative hydrocarbon and natural gas existing in its natural condition in Nigeria but does not include liquefied natural gas, coal, bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation;

"petroleum exploration licence" means a licence under section 71 of Petroleum Industry Act; Act, No. 6, 2021

"petroleum mining lease" means a lease under section 81 of the Petroleum Industry Act;

"petroleum operations" means for the purposes of –

(a) Part I of Chapter Three of this Act, upstream, midstream and downstream petroleum operations;

(b) Part II Chapter Three of this Act, the winning or obtaining and transportation of petroleum or chargeable oil in Nigeria by or on behalf of a company for its own account by any drilling, mining, extracting or other like operations or process, not including refining at a refinery, in the course of a business carried on by the company engaged in such operations, and all operations incidental thereto and any sale of or any disposal of chargeable oil by or on behalf of the company;

"petroleum products" means materials derived from crude oil and natural gas processing such as ethane, propane, butanes, pentanes, liquefied petroleum gas, natural gas liquids, asphalts, gasoline, diesel, gas oil, jet fuel, transportation fuels, fuel oils for heating and electricity generation and such other derivatives;

"petroleum prospecting licence" means a licence under section 72 of Petroleum Industry Act; Act, No. 6, 2021

"pipeline" means all parts of any tubular infrastructure through which petroleum is conveyed, including pipes, valves, pumping and compressor stations and other equipment appurtenant to pipes;

"production sharing contract" means –

(a) any agreement for the exploration, development and production of petroleum on terms under which the financial risk-bearing party shall recover costs and receives a share of the profits based on a share of production as established in the contract from the applicable area;

TheNigeriaLawyer

(b) for the purposes Part III chapter three of this Act, any agreement or arrangements made between the holder and any other petroleum exploration and production company or companies for the purpose of exploration and production of oil in the deep offshore and inland basins;

"regulation" means rule or order having force of law issued by the Minister, Minister in charge of petroleum, the Service, Commission or Authority in accordance with this Act or any other relevant law;

"rent" means an annual or other periodic charge made in respect of a licence or lease granted under the Petroleum Act or Petroleum Industry Act; Act, No. 6, 2021

"reservoir" means a subsurface rock formation containing an individual and separate natural accumulation of producible petroleum characterised by a single natural pressure system;

"royalties" means the royalties specified in the Seventh Schedule to this Act;

"shallow water" means any area within the territorial waters, continental shelf or exclusive economic zone offshore of Nigeria up to and including a water depth of 200 metres;

"signature bonus" means a payment made to Government with respect to the grant of a petroleum prospecting licence, petroleum mining lease, or similar payments;

"terrain" for the purpose of Part I of Chapter Three of this Act means the area of any petroleum exploration licence, petroleum prospecting licence or petroleum mining lease;

"terminal" means a terminal for petroleum liquids, pumping or booster station, or other installation or structure associated with a terminal, including storage facilities, other than a terminal situated within a port or the approaches within the meaning of the Nigerian Ports Authority Act; and Cap. N126, LFN, 2004

"upstream petroleum operations" for the purposes of Part I of Chapter Three of this Act means the exploration for, appraisal of, development of and winning or obtaining of petroleum in Nigeria by or on behalf of a company on its own account for commercial purposes, petroleum exploration operations, the drilling of exploration, appraisal and development wells, all activities upstream of the measurement points,

TheNigeriaLawyer

related to the winning of petroleum through wells or mining from petroleum reservoirs, drilling, fracking, completing, treatment and operation of wells producing petroleum, construction and operation of gathering lines and manifolds for crude oil, natural gas and water, construction and operation of high and low pressure separators, construction and operation of facilities to treat crude oil and natural gas, flaring of natural gas, compression and reinjection of natural gas in reservoirs, construction and operation of facilities for the production of electricity or heat from natural gas or other fuels as energy source for the winning of petroleum, injection or re-injection of water into the reservoirs, construction and operation of pipelines and other facilities for the discharge of water, construction and operation of fixed or floating platforms or other vessels required for the winning of petroleum, construction and operation of fixed or floating storage facilities of crude oil in the licence area, transportation to and from the licence area of personnel, goods and equipment, metering of well stream fluids, metering of petroleum at the measurement points prior to transportation, sale and marketing of crude oil, natural gas or condensates or any of them at the measurement points and such other activities which by regulation are considered upstream petroleum operations, and related administration and overhead.

CHAPTER FOUR — RELIEF FOR DOUBLE TAXATION

Unilateral relief of double taxation

120. (1) Where, in any year of assessment, any part of the income or profit of a resident of Nigeria, derived from outside Nigeria, has been charged to tax in the source country, and that income or profit is also chargeable to tax in Nigeria, the tax paid outside Nigeria may be allowed as a credit against the tax payable in Nigeria.

(2) The credit to be allowed in subsection (1) shall be the lower of the —

(a) Nigerian tax, other than taxes under Chapter Three of this Act, attributable to the foreign income or profit; and

(b) amount of tax paid in the source country.

(3) The Nigerian tax under subsection (2) (a) attributable to the foreign income or profit shall be the proportion of the foreign income to total income, multiplied by the Nigerian tax.

TheNigeriaLawyer

121. (1) Where the Government of the Federal Republic of Nigeria enters into an agreement with a treaty partner for the purpose of providing relief from double taxation in relation to tax imposed under this Act, the agreement shall have effect upon ratification or domestication by the National Assembly. Double taxation agreement

(2) Relief from double taxation shall be in respect of income tax paid under the laws of a treaty partner against income taxes imposed under this Act.

(3) Where an agreement has taken effect, any obligation as to secrecy in Nigeria Tax Administration Act, 2025 or any other law in Nigeria shall not prevent the disclosure of any information required to be disclosed under the agreement to an authorised officer of a treaty partner.

(4) The Minister may make rules for implementing the provisions of any agreement under this section.

(5) For the purposes of providing relief in Nigeria from double taxation, all extant double taxation agreements are deemed to have been made under the provisions of this section and shall apply throughout Nigeria with effect from 1st January of the year immediately following the date the agreement entered into effect.

(6) The agreement in subsection (1) shall be for the purpose of elimination of double taxation, without creating opportunities for non-taxation or reduced taxation through tax evasion, avoidance or other forms of abuse, including treaty-shopping arrangements aimed at obtaining reliefs provided in the agreement for the indirect benefit of residents of any other country or territory that is not part of the agreement.

(7) For the purposes of the agreement referred to in subsection (1), a non-resident may benefit under the agreement where the person is a resident of the relevant treaty partner and the beneficial owner of the income for which the benefit is being claimed.

(8) Nothing in this section shall be construed to allow a relief in respect of an additional tax paid for the relevant tax year under this Act or the domestic legislation of a treaty partner in conformity with the global minimum tax rules as it relates to a permanent establishment situated in the treaty partner.

122. (1) Relief from double taxation under an agreement referred to in section 121 of this Act shall be granted in accordance with the provisions of this section and relevant provisions of Nigeria Tax Administration Act, 2025. Method of calculating relief to be allowed for double taxation

(2) The foreign tax paid to a treaty partner in accordance with the agreement, and in respect of income or profits chargeable to income tax in Nigeria may be allowed as a credit against tax payable under this Act.

TheNigeriaLawyer

(3) The Nigerian tax payable in respect of the income or profit which has been charged to tax by a treaty partner shall be reduced by the amount of the credit admissible under the terms of the agreement, provided that credit shall not be allowed to a person who was not a resident of Nigeria during the relevant year of assessment.

(4) Without prejudice to the provisions of subsection (3), the credit to be allowed in subsection (2) shall be the lower of the —

(a) Nigerian tax attributable to the foreign income or profits; and

(b) the amount of tax paid to the treaty partner.

(5) The Nigerian tax under subsection (4)(a) attributable to the foreign income or profits shall be the proportion of the foreign income to total income, multiplied by the Nigerian tax.

(6) In computing the amount of chargeable income or assessable profits, the following shall apply —

(a) deduction shall not be allowed in respect of a foreign tax, whether in respect of the same or any other profits; and

(b) where profits or income chargeable depends on the amount received in Nigeria, the amount shall be increased by the appropriate amount of the foreign tax in respect of the profits.

(7) Any claim for credit shall be made not later than two years after the end of the year of assessment, and in the event of any dispute as to the amount allowable, the claim shall be subject to objection and appeal in like manner as an assessment.

(8) Where the amount of any credit given under the agreement is rendered excessive or insufficient by reason of any adjustment of the amount of any tax payable in Nigeria or elsewhere, nothing in this Act or Nigeria Tax Administration Act, 2025 limiting the time for the making of assessments or claims for relief shall apply to any assessment or claim to which the adjustment gives rise.

(9) Notwithstanding subsection (8), the assessment or claim shall be made not later than two years from the time when such assessments, adjustments and other determinations have been made, whether in Nigeria or elsewhere, as are material in determining whether any of credit is due.

(10) Where, in accordance with any provision of the agreement, income derived by a resident of Nigeria is exempt from tax under this Act, the exempt income shall be taken into account in determining the rate of tax applicable

TheNigeriaLawyer

on the remaining income of such resident.

123. For purposes of Chapter Four of this Act— Interpretation

"foreign tax" means any tax paid to a treaty partner and covered by an agreement with the treaty partner;

"foreign profit" means a profit liable to tax under this Act and to a treaty partner;

"foreign income" means an income liable to tax under this Act and to a treaty partner;

"Nigerian tax" means income tax chargeable under this Act;

"total income" means the income or profits of a Nigerian resident including the foreign income; and

"treaty partner' means a country with which Nigeria has an agreement for the relief of double taxation.

CHAPTER FIVE — TAXATION OF DUTIABLE INSTRUMENTS

PART I — IMPOSITION OF STAMP DUTIES

124. There is imposed duties on instruments at the rates specified in the Eighth Schedule to this Act, subject to the exemptions contained in Part III of Chapter Eight of this Act, being any instrument which is — Charge of duties

Eighth Schedule

(a) first executed in Nigeria; or

(b) executed outside Nigeria, and relates to any property situated or to any matter or thing done in Nigeria.

125. (1) Duties payable on any instrument under this Part shall be paid and denoted by any of the following means — Manner of denoting duty

(a) tax stamps;

(b) a die;

(c) electronic or digital tagging;

(d) electronic receipt;

(e) issuance of certificate; or

(f) any other means as may be determined by the relevant tax

TheNigeriaLawyer

authority.

(2) The Joint Revenue Board may, on the advice of the Nigerian Postal Service and by regulation published in the Official Gazette, determine additional modes of duty denotation under subsection (1) and specify processes and requirement for their application as provided under chapter five of the Act.

Obligation to stamp

126. (1) Every instrument executed in Nigeria, chargeable with a duty as prescribed under Chapter Five of this Act, shall be stamped not later than 30 days after its execution by the person required to pay the appropriate duty.

(2) A person, being the transferee of interest in a real property, other than in a voluntary disposition during the lifetime of the transferor, or beneficiary of a service for which consideration was paid, or any other person taking the security in a transaction for which an instrument is executed, shall be responsible for paying the duty relating to the transaction.

Admissible evidence

127. (1) Any unstamped dutiable instrument shall not be admissible in evidence in any court, judicial or arbitration proceedings, and in satisfying any evidentiary requirements unless otherwise stated by this Act.

(2) Notwithstanding the provisions of subsection (1), an unstamped instrument may be given in evidence in a criminal proceeding.

PART II — CHARGEABLE INSTRUMENTS

Bill of exchange

128. For the purposes of Chapter Five of this Act —

"bill of exchange" includes draft, order, cheque and letter of credit, and any document or writing, except a bank note entitling or purporting to entitle a person, whether named therein or not, to payment by any other person of or to draw upon any other person for, any sum of money;

"bill of exchange payable on demand" includes an order for the payment of any sum or money —

(a) by a bill of exchange or a promissory note, or for the delivery of any bill of exchange or promissory note in satisfaction of any sum of money or for payment of any sum of money out of any particular fund which may or may not be available, or on any condition or contingency which may or may not be performed or happen; and

(b) weekly, monthly or at any other stated periods, an order for the payment by a person at any time after the date of the payment of any sum of money, and sent or delivered by the person making the same to the person by whom the payment is to be made and not to

TheNigeriaLawyer

the person to whom the payment is to be made, or to any person on his behalf.

129. (1) For the purposes of Chapter Five of this Act, "promissory note" includes any document or writing, except a bank note, containing a promise to pay any sum of money. Promissory Note

(2) A note promising the payment of any sum of money out of any particular fund which may or may not be available, or upon any condition or contingency which may or may not be performed or happen, shall be deemed a promissory note for that sum of money.

130. (1) The provisions of Chapter Five of this Act as to contract notes shall apply to any contract under which an option is given or taken to purchase or sell any stock or marketable security at a future time at a certain price, as it applies to the sale or purchase of any stock or marketable security. Sale or purchase of options

(2) Where under the contract in subsection (1), a double option is given or taken, the contract shall be deemed to be a separate contract in respect of each option.

131. Every transfer of interest or rights in real property shall be subject to duty under this section as conveyance on sale. Conveyance on Sale

132. Where a property is conveyed to a person in consideration, wholly or in part, of a debt due to the person, the debt shall be deemed the consideration in respect of which the conveyance is chargeable with ad valorem duty. Conveyance in consideration of a debt

133. An agreement for the transfer of mineral assets of any kind whatsoever or interest therein, shall be charged with duty and payable as specified in the Eighth Schedule to this Act. Duty on transfer of mineral assets

Eighth Schedule

134. Where there is an exchange of a real property for another, any consideration exceeding ₦1,000,000 or a sum equal to the annual national minimum wage, whichever is higher, shall be charged to duty with the same ad valorem duty as a conveyance on sale. Provisions as to exchange

135. An agreement for a lease, with respect to the letting of land or building, shall be subject to duty on grant of a lease or sublease, or the assignment of a lease, and shall be charged with the same duty as if it were an actual lease made for the term and consideration mentioned in the agreement, provided that lease agreements for which the annual value is less than ₦10,000,000 or 10 times the annual minimum wage, whichever is higher, shall not be chargeable with any duty under Chapter Five of this Act. Leases

136. The share capital of a company shall be charged with an ad valorem duty, as specified in the Ninth Schedule to this Act, of the amount of such capital, or increase of capital, as the case may be. Duty on share capital

Ninth Schedule

TheNigeriaLawyer

137. (1) The loan capital of a company shall be charged with ad valorem duty, as specified in the Ninth Schedule to this Act.

Duty on loan capital

Ninth Schedule

(2) "Loan capital" means any debenture stock, other stock or funded debt by whatever name known or any debt raised by any corporation, company or body of persons formed or established in Nigeria but does not include —

(a) an overdraft;

(b) loan obtained for a period not exceeding twelve months; and

(c) loan obtained for onward disbursement to any other person in an on lending arrangement:

Provided that for the purpose of paragraph (c) of subsection (2), the beneficiary of the disbursement shall be responsible to pay the duty as prescribed in the Ninth Schedule to this Act.

Ninth Schedule

138. An instrument made for the purpose of issuing marketable securities by or on behalf of a company or body of persons, corporate or unincorporated, formed or established in Nigeria shall be subject to duty under Chapter Five of this Act, whether the securities are issued in Nigeria or not.

Marketable Security

139. (1) Every appraisement or valuation carried out for the purpose of ascertaining the value of a real property is subject to duty, which shall be accounted for by the appraiser.

Appraisements

(2) For the purpose of Chapter Five of this Act, "appraiser" means any person who values or appraises any estate or real property, or any interest, whether in possession or not, in any estate or real property, for a fee.

PART III — MISCELLANEOUS PROVISIONS

140. The duplicate or counterpart of an instrument chargeable with duty shall not be deemed duly stamped, unless it is stamped as an original instrument or certified by the relevant tax authority that the full duty on the original instrument has been paid.

Duplicates and counterparts

141. Where an instrument contains or relates to more than one transaction or several distinct matters, each transaction or distinct matter shall be charged to duty separately.

Duty relating to one instrument covering multiple transactions

142. (1) Where multiple instruments chargeable with ad valorem duties are executed for effecting the same transaction, only one of the instruments, as may be determined by the relevant tax authority, shall be charged with the ad valorem duty.

Duty relating to multiple instruments covering same transaction

(2) Any other instrument referred to in subsection (1) shall be stamped as counterparts at flat rates prescribed in the Eighth Schedule to this Act.

Eighth Schedule

TheNigeriaLawyer

143. Where an instrument chargeable with ad valorem duty consists of non-monetary consideration, the value shall be deemed as the market value of the consideration or part thereof. Provisions on non-monetary consideration

CHAPTER SIX — VALUE ADDED TAX

PART I — IMPOSITION OF VALUE ADDED TAX

144. Value Added Tax (VAT) is imposed in accordance with the provisions of Chapter Six of this Act. Imposition of Value Added Tax

145. Subject to the exemptions in Part IV of Chapter Eight of this Act, VAT shall be paid on all taxable supplies in Nigeria. Charge of VAT

146. A taxable supply shall be deemed to take place in Nigeria where, in respect of — Taxable supplies

(a) goods —

(i) the goods are physically present, imported into, assembled or installed in Nigeria at the time of supply, or

(ii) the beneficial owner of the rights in or over the goods is a taxable person in Nigeria and the goods or right is situated, registered or exercisable in Nigeria;

(b) a service —

(i) the service is provided to and consumed by a person in Nigeria, regardless of whether the service is rendered within or outside Nigeria or whether or not the legal or contractual obligation to render such service rests on a person within or outside Nigeria, or

(ii) the service is connected with existing immovable property, including the services of agents, experts, engineers, architects, valuers, etc., where the property is located in Nigeria; and

(c) an incorporeal —

(i) the exploitation of the right is made by a person in Nigeria or whose place of usual residence is Nigeria,

(ii) the right is registered in Nigeria, assigned to or acquired by, a person in Nigeria, regardless of whether the payment for its exploitation is made within or outside Nigeria, or

TheNigeriaLawyer

(iii) the incorporeal is connected with a tangible or immovable asset located in Nigeria.

Time of Supply

147. (1) For the purposes of Chapter Six of this Act, a taxable supply shall be deemed to take place at the time an invoice or receipt is issued by the supplier, or where goods are delivered or made available for use, or payment is due to or received by the supplier in respect of that supply, whichever occurs first.

(2) A taxable supply shall be deemed to take place where the supplier and recipient are connected persons and invoices are not issued, in the case of —

(a) a supply of goods which are to be removed, the time of removal of the goods;

(b) a supply of goods which is not to be removed, at the time when they are available to the recipient;

(c) furnishing of a service, upon commencement of the furnishing of the service; or

(d) an incorporeal, when such incorporeal becomes available for the use of the recipient.

(3) Notwithstanding the provisions of subsections (1) or (2) —

(a) where goods are supplied under any rental agreement or where services are furnished under any agreement or law which provides for periodic payments, they shall be deemed to be successively supplied for successive parts of the periods of the agreement or as determined by such law, and each of the successive supplies shall be deemed to occur when payment becomes due or is received, whichever is earlier;

(b) where, and to the extent that, taxable supplies are —

(i) progressively or periodically made under any agreement or law which provides for the consideration for that supply to be paid in instalments or periodically and in relation to the progressive or periodic supply, or

(ii) made in relation to any construction, assembly, manufacturing, alteration, improvement or repair activity under any agreement or law which provides for the consideration for that supply to become due and payable in instalments or periodically in relation to the progressive nature of the work,

the supplies shall be deemed to be successively made, and each successive supply shall be deemed to take place whenever any payment becomes due or is received or an invoice relating to only that payment is issued, whichever occurs first; and

TheNigeriaLawyer

(c) where a taxable supply is made under an instalment credit agreement, the supply shall be deemed to take place at the time the taxable supply is delivered or the time any payment of consideration is received by the supplier in respect of the supply, whichever occurs first.

Rate of VAT

148. Subject to the provisions of Part IV of Chapter Eight of this Act, VAT shall be charged on the value of all taxable supplies at the rate of 7.5%.

Value of taxable supplies

149. (1) For the purposes of Chapter Six of this Act, the value of taxable supplies shall be determined as follows, where the supply is —

(a) for a money consideration, its value shall be the amount which with the addition of the VAT chargeable is equal to the consideration; and

(b) not for a money consideration, the value of the supply shall be its market value.

(2) Where a taxable supply is not the only transaction to which a consideration relates, the supply shall be the part of the consideration as is properly attributable to it.

(3) For the purposes of Chapter Six of this Act, the market value of a taxable supply, where it is not for money consideration, or for a supply between connected persons, shall be the money consideration as may be payable by a person in a transaction at arm's length.

Value of imported taxable supply

150. The value of imported taxable supply for the purposes of Chapter Six of this Act shall be the amount which is equal to the price of the taxable supply imported plus —

(a) taxes, duties and other charges levied either outside or by reason of importation into Nigeria, other than VAT imposed under this Act; and

(b) costs by way of commission, parking, transport and insurance up to the port or point of entry.

Taxable supply by non-residents

151. (1) A non-resident person who makes taxable supplies to Nigeria shall register for tax and include VAT on its invoice for all taxable supplies.

(2) Where a non-resident person is making taxable supplies from outside Nigeria to persons in Nigeria, the taxable person to whom the supply is made in Nigeria shall withhold the VAT due on the supply and remit it to the Service.

(3) The Service may, by notice, appoint any person, including a non-resident supplier of taxable supplies, to collect the VAT and remit it to the Service.

TheNigeriaLawyer

(4) Where a person appointed under subsection (3) has made a taxable supply to a taxable person in Nigeria, the taxable person shall not have the obligation to withhold the VAT, except where the person appointed has failed to collect the VAT.

(5) Where a person appointed under subsection (3) does not process payments in respect of the supplies but receives commission relating to the supplies, the appointed person shall use the mechanism with which it collects its commission to collect the VAT.

(6) A non-resident person that makes a taxable supply to a person in Nigeria may appoint a representative for the purpose of compliance with its VAT obligations.

(7) The Service may issue guidelines for the purpose of giving effect to the provisions of this section, including the form, time and procedure for filing returns and payment by non-resident suppliers appointed by the Service under subsection (3).

(8) Where taxable goods are imported into Nigeria through an online electronic or digital platform operated by a non-resident supplier and VAT has been collected by the Service or any person appointed by the Service, the goods shall not be further subjected to VAT before clearing upon provision of proof of payment of the VAT.

PART II — REMITTANCES AND RECOVERY OF VAT

Payment of VAT by taxable person

152. (1) A taxable person shall pay VAT to a supplier on the taxable supply made to the person.

(2) The VAT paid by a taxable person under subsection (1) shall be known as input VAT.

VAT Invoice

153. (1) A taxable person who makes a taxable supply shall maintain a sequential invoice numbering, and shall in respect of a supply, furnish the purchaser with a VAT invoice containing, the following —

(a) supplier's tax ID;

(b) an invoice number;

(c) name and address of the supplier;

(d) supplier's incorporation or business registration number as applicable;

TheNigeriaLawyer

(e) the date of supply;

(f) name of purchaser or client;

(g) gross amount of transaction; and

(h) VAT charged and the rate.

(2) VAT invoice shall be issued on supply whether or not payment is made at the time of supply.

(3) VAT invoice shall be issued by a taxable person making a taxable supply or such other person as may be appointed by the Service.

(4) For the purpose of subsection (1), the Service may direct any taxable person who makes taxable supplies to adopt the use of electronic invoice, provided that it gives a notice of, at least 30 days to the person.

Collection of VAT by taxable person

154. (1) A taxable person shall, on making taxable supplies under Chapter Six of this Act, collect VAT at the rate specified in section 148 of this Act.

(2) The VAT collected by a taxable person under subsection (1) shall be known as output VAT.

Collection of VAT by persons other than the supplier

155. (1) Without prejudice to any provision of this Act or any other tax law, the following persons shall collect or withhold VAT on taxable supplies made to them and remit it to the Service within the time prescribed by this Act, the Nigeria Tax Administration Act, 2025 or any regulation made pursuant thereto —

(a) Federal, State, Local Government and their respective Ministries, Departments or Agencies; or

(b) any other person appointed by the Service to collect or withhold VAT for the purposes of this Part.

(2) The Service may direct a taxable person to whom taxable supplies is made in Nigeria and issued an invoice on which VAT is not included, to self-account for the VAT payable and remit it to the Service.

(3) The remission of the VAT under subsections (1) and (2) shall be accompanied with a schedule showing the name, Tax ID and address of the contractor or supplier, invoice number, gross amount of invoice, amount of the VAT and the month to which the return relates.

(4) The VAT collected, withheld or self-accounted under this section shall be remitted to the Service on or before the 14th day of the month immediately following the month of the transaction or as may be prescribed by the Service.

TheNigeriaLawyer

(5) A person having an obligation to collect VAT under Chapter Six of this Act shall keep proper records, make appropriate returns and remittances, and all provisions relating to compliance obligation in chapter six of this Act, the Nigeria Tax Administration Act, 2025 or related tax laws shall apply to such person as though it is the taxable person.

Credit for input tax and remission of VAT

156. (1) A taxable person shall, not later than the due date for rendering the relevant tax return prescribed by the Nigeria Tax Administration Act, 2025, where the —

(a) output VAT exceeds the input VAT, remit the excess to the Service; or

(b) input VAT exceeds the output VAT, be entitled to utilise the excess tax as a credit against subsequent months.

(2) A taxable person shall be entitled to a refund of excess VAT not utilised as a credit, upon request to the Service and provision of such information or documents as the Service may require.

(3) An importer of taxable goods shall, before clearing those goods, pay to the Service the VAT on the goods.

(4) A person whose supplies are chargeable to VAT at 0%, shall pay VAT on taxable supplies consumed in the production of its supplies, and may thereafter request for a refund of the VAT paid.

(5) Input tax incurred by a registered person on any taxable supply, including services and fixed assets made to such person, may be deducted from the tax payable by the person on its taxable supplies at the end of the tax period in which the supply occurred, but only to the extent that the input tax was incurred for the purpose of consumption, use or supply in the course of making taxable supplies.

Provided that –

(a) where any input tax is incurred in making both taxable and non-taxable supplies, only the proportion relating to making taxable supplies may be deducted

(b) the input tax shall be allowable for deduction within five years after the end of the tax period in which the input tax was incurred.

(6) The input tax which may be deducted in line with subsection (5) shall be limited to taxable supplies made as from the commencement of this Act.

Business sold out

157. The provisions of section 190 of this Act shall apply in respect of sale or transfer of trade, business, profession or vocation carried on in Nigeria.

TheNigeriaLawyer

158. (1) A taxable person making a taxable supply shall implement the fiscalisation system deployed by the Service in accordance with Nigeria Tax Administration Act, 2025. Fiscalisation of supplies for VAT

(2) The fiscalisation system may include fiscal equipment consisting of electronic devices, software solutions or a communication system involving a secured network, or any such combination of the components for electronic invoicing and data transfer as the Service may prescribe or deploy.

CHAPTER SEVEN — SURCHARGE

159. A surcharge is imposed at 5% on chargeable fossil fuel products provided or produced in Nigeria, and shall be collected at the time a chargeable transaction occurs. Imposition of surcharge

160. (1) For the purpose of imposing surcharge on fossil fuel product, the chargeable transaction shall be the supply, sale or payment whichever occurs first. Chargeable transaction and base for surcharge

(2) Surcharge shall be computed based on the retail price of all chargeable fossil fuel products.

161. (1) The Minister may by an Order issued in the Official Gazette indicate the effective date of commencement of the administration of the surcharge on fossil fuel products under this Chapter. Administration of Surcharge

(2) The Service shall administer and collect the surcharge on a monthly basis, and may issue regulations for its administration.

162. (1) The surcharge under this Chapter shall not apply to the following fossil fuel products — Exemption from Surcharge

(a) clean or renewable energy products;

(b) household kerosene;

(c) cooking gas; and

(d) compressed natural gas (CNG).

(2) For the purpose of this section, "clean or renewable energy" means energy from solar, wind, hydropower, geothermal or plant and animal waste, which are naturally replenishing, produce little or no environmental pollution or greenhouse gas emissions, and do not deplete over time.

CHAPTER EIGHT — TAX INCENTIVES

PART I — INCOME TAX EXEMPTIONS

TheNigeriaLawyer

163. (1) There is exempt from tax under chapter two of this Act — Income tax exemption

(a) the profits accruing to, or gains from disposal of assets of, any person being —

(i) a statutory or registered friendly society, where the profits or gains are not derived from a trade or business carried on by such society,

(ii) a co-operative society registered under any enactment or law relating to co-operative societies, not being profits or gains from any trade or business carried on by that society,

(iii) engaged in educational, religious or charitable activities of a public character where the profits or gains are not derived from a trade or business carried on by such person,

(iv) a trade union registered under the Trade Unions Act where the profits or gains are not derived from a trade or business carried on by such trade union, Cap. T14 LFN, 2004

(v) a Federal, State or Local Government in Nigeria, their Ministries, Departments and Agencies and other public institutions, other than profits or gains derived from trade or business or any instrumentality established for the purpose of trade or business, and

(vi) a government purchasing authority established by an enactment and empowered to acquire any commodity for export or redistribution;

(b) dividend distributed by authorised collective investment scheme;

(c) dividend or rental income received by a real estate investment company on behalf of its shareholders, where not less than 75% of the dividend or rental income is distributed within 12 months after the end of the financial year in which the dividend or rental income was earned, provided that nothing in this subsection shall be construed to exempt a —

(i) shareholder from tax on the dividend or rental income received from a real estate investment company,

(ii) real estate investment company from tax on management fee, profits or any other income earned for and on its own account, and

(iii) real estate investment company from tax on dividend or rental income if it does not meet the conditions stipulated in this paragraph.

TheNigeriaLawyer

(d) compensating payments, which qualify as dividends under section 4 of this Act, received by a lender from its approved agent or a borrower in a regulated securities lending transaction;

(e) compensating payments, which qualify as dividends or interest under section 4 of this Act, received by an approved agent from a borrower or lender on behalf of a lender or borrower in a regulated securities lending transaction;

(f) consular fees received on behalf of a foreign State, or by a consular officer on behalf of the State, and the employment income of such officer, other than income in respect of any trade, business, profession or vocation carried on by the officer or in respect of any other employment exercised by him in Nigeria:

Provided that this exemption shall not apply to the income of an employee engaged in domestic duties, or where the officer or employee ordinarily resides in Nigeria and is not a national of the foreign State;

(g) an income in respect of which tax is remitted or exempt under the provisions of the Diplomatic Immunities and Privileges Act or of any enactment, order or notice continued in force or effected by that Act; Cap. D9 LFN, 2004

(h) pension funds and assets created pursuant to the Pension Reform Act Pension Reform Act; Act No. 4, 2014

(i) pension, gratuity or any retirement benefits granted in accordance with the Pension Reform Act;

(j) wound and disability pensions granted to members of the armed forces or of any recognised national defence organisation, or to a person injured as a result of enemy action;

(k) a sum received by way of death gratuities or as consolidated compensation for death or injuries;

(l) subject to the provisions of Part VIII of Chapter Two of this Act, redundancy lump sum payment and other compensation of capital nature for loss of employment;

(m) gains accruing from the disposal of assets by an angel investor, venture capitalist, private equity fund, accelerators or incubators with respect to a labelled startup provided the assets have been held in Nigeria for a minimum of 24 months;

(m) income earned from bonds issued by a State or the Federal Government of Nigeria;

TheNigeriaLawyer

(n) emoluments of any person serving as other rank and other personnel serving in combat zones, hazardous areas or in designated operations, provided that where any other income accrues to the person, not being income by way of personal emoluments, that income shall be liable to tax under Chapter Two of this Act;

(o) income generated by companies engaged in agricultural businesses including crop production, livestock, aquaculture, forestry, dairy, and such other businesses as described in the Thirteenth Schedule to this Act, for the first five years upon commencement of business; Thirteenth Schedule

(p) dividend received from investments in wholly export-oriented businesses;

(q) profits of a company engaged in sporting activities;

(r) dividend, interest, rent or royalty derived from outside Nigeria and brought into Nigeria through approved channels;

(s) income of a person from an employment where such person earns gross income of National Minimum Wage or less from such employment;

(t) wages and salaries of military officers; and

(u) the profits of any Nigerian company (other than companies engaged in the Upstream, Midstream or Downstream Petroleum operations) in respect of goods or services exported from Nigeria if the proceeds of such exports are repatriated through official channels.

(2) The following shall not constitute chargeable gains under Part VIII of Chapter Two of this Act —

(a) gains accruing to —

(i) pension funds and assets approved under the Pension Reform Act, and

(ii) an individual from disposal of investment held as part of any national provident fund or other retirement benefits schemes established under the provisions of any Act or enactment for employees throughout Nigeria;

(b) gains on the disposal of a decoration, awarded for valour or gallant conduct which a person acquires otherwise than for consideration in money or money's worth.

TheNigeriaLawyer

(3) A company shall be entitled to an additional deduction of 50% in the relevant years of assessment in respect of costs incurred in any two calendar years from 2023 to 2025 on the following —

(a) wage awards, salary increases, transportation allowance or transport subsidy granted to a low-income worker, which bring the gross monthly remuneration of the worker up to an amount not exceeding ₦100,000

Provided that any additional award or salary increase to an employee earning above ₦100,000 as monthly salary shall not qualify for the additional deduction under this subsection; and

(b) salaries of any new employee constituting a net increase in the average number of new employees hired in 2023 and 2024 calendar years over and above the average net employment in the three preceding years, provided that such new employees are not involuntarily disengaged within a period of three years post-employment.

(4) In this section —

"net employment" means the total number of persons employed less the total number of persons disengaged during the calendar year, whether such disengagement is voluntary or not.

"other rank" has the meaning assigned to it by the Armed Forces Pensions Act. Cap. A23, LFN 2004

"personal emoluments" means wages or salaries and includes allowances, benefits in kind, gratuities, superannuation or pension schemes and any other income derived solely by reason of employment as other rank.

164. (1) Subject to the provisions of this section and notwithstanding anything contained in section 20 of this Act, for the purposes of ascertaining the profits or loss of any company for any period from any source chargeable with tax under Chapter Two of this Act, there shall be deducted the amount of any donation made for that period by that company to any fund, body or institution in Nigeria to which this section applies. Deductible donations

(2) Without prejudice to section 21 of this Act, any donation made by a company pursuant to subsection (1) may be deducted from the profits of that period notwithstanding that the donation is of a revenue or capital nature.

(3) This section shall apply to donations made to —

(a) public funds;

TheNigeriaLawyer

(b) statutory bodies or institutions;

(c) religious, charitable, educational and scientific institutions, established in Nigeria;

(d) bodies recognised under the Diplomatic Immunities and Privileges Act; or

Cap. D9, LFN, 2004

(e) any pandemic, natural disaster or other public emergency interventions.

(4) A company making a deduction for a donation shall provide requisite document evidencing the donation to the relevant tax authority.

(5) The total deduction to be allowed to a company, under this section, for any year of assessment, shall not exceed an amount equal to 10% of the profit before tax of that company for that year.

(6) In the case of a donation other than in cash, the value for the purpose of this section shall be the lower of the market value at the time of the donation or the consideration paid for the item when it was acquired.

Deduction for research and development

165. (1) Notwithstanding anything contained in section 20 of this Act, for the purpose of ascertaining the profit or loss of any company for any period from any source chargeable with tax under Chapter Two of this Act, there shall be deducted the amount incurred in that period by that company for research and development.

(2) The deduction to be allowed to a company under subsection (1) for any year of assessment shall not exceed an amount which is equal to 5% of the turnover for that year.

(3) Where a company to which this section applies subsequently sells or transfers the outcome of the research and development to another person for exploitation or commercialisation, the proceeds of such sale or transfer shall be taxed under Chapter Two of this Act.

PART II — ECONOMIC DEVELOPMENT TAX INCENTIVES

Priority Sectors

Tenth Schedule

166. (1) The sectors listed in the Tenth Schedule to this Act are classified as priority sectors for the purposes of economic development tax incentives.

Tenth Schedule

(2) The period of incentives for any priority sector shall be as provided in the Tenth Schedule to this Act.

Tenth Schedule

(3) The President may direct an amendment to the list contained in the Tenth Schedule to this Act, where, in his opinion —

TheNigeriaLawyer

(a) any sector is not operating on a scale suitable to the economic requirements of Nigeria, or there are favourable prospects of further development;

(b) it is expedient in the public interest to encourage the development or establishment of a sector in Nigeria for the purpose of —

(i) generating employment,

(ii) attracting foreign direct investment inflow, or

(iii) economic diversification;

(c) any sector, product or service within a sector, is considered to have been sufficiently developed to necessitate its removal from the list contained in Tenth Schedule to this Act.

Tenth Schedule

Eligibility for economic development incentive certificate

167. (1) An application for economic development incentive certificate may be made by a company incorporated in Nigeria, companies granted exemption from incorporation or by promoters of a company which is yet to be incorporated.

(2) An application for the issuance of an economic development incentive certificate by a company shall be considered under this section where the qualifying capital expenditure to be incurred by the company on or before production day, if the application is approved, is not below the amount specified in the Tenth Schedule to this Act.

Tenth Schedule

Application for economic development incentive certificate

168. (1) Subject to the provisions of this Part, every application for economic development incentive certificate shall be addressed to the Executive Secretary of the Nigerian Investment Promotion Commission (NIPC), and shall be in such form as may be specified.

(2) The application shall —

(a) show a commitment of, or the ability to commit, the minimum capital required to invest in the specified priority sector listed in the Tenth Schedule to this Act;

Tenth Schedule

(b) state whether the company is, or the proposed company when incorporated shall be, a company that the ultimate parent entity is a resident company or non-resident company;

(c) give particulars of the assets on which qualifying capital expenditure is incurred or to be incurred by the company, including the source and cost or estimated cost —

(i) on or before production day, and

(ii) during a period of three years following the production day;

TheNigeriaLawyer

(d) specify the place in which the assets, in respect of which qualifying expenditure was incurred or to be incurred by the company or proposed company, is situated or to be situated;

(e) state the date or probable date of production day of the company or proposed company;

(f) specify any product, service, and by-product, not being a priority product, being produced or proposed to be produced by the company or proposed company, and give a reasonable estimate of the quantities and value of such product and by-product during a period of one year from production day;

(g) give particulars of the loan and share capital, or the proposed loan and share capital of the company, or proposed company, including the amount and date of each issued shares or proposed issue, and the source from which the capital is to be or has been raised;

(h) in the case of a company already incorporated, provide the details of the ownership structure of the company and the nationality of each director of the company; and

(i) in the case of a proposed company, provide the name, Tax ID, address, and nationality of each promoter of the company and the proposed ownership structure.

(3) An application shall contain a declaration signed by the applicant that all the information contained in the application is true, and an undertaking to produce proof, if required.

(4) The application shall be accompanied by a non-refundable fee of 0.1% of the qualifying capital expenditure incurred or to be incurred, subject to a maximum of ₦5,000,000 and no further fee shall be payable to the NIPC in respect of the application.

(5) The NIPC shall recommend the application to the Minister, for approval or otherwise, including the projected tax expenditure impact report in its recommendation.

(6) The Minister, acting on the recommendation of the NIPC, may recommend the application to the President for approval.

(7) An economic development incentive certificate shall not be issued to a company without the approval of the President.

(8) The NIPC shall submit an annual report of the list of sectors and companies that have benefited under this Part to the Minister who shall, not later than 30 days, present a copy of the report to the President and the National Economic Council.

TheNigeriaLawyer

169. (1) A company whose application has been approved in line with section 168 of this Act, shall be issued an economic development incentive certificate. Approval of application

(2) Where a sector is removed from the Tenth Schedule to this Act — Tenth Schedule

(a) economic development incentive certificate shall not be issued to a company in relation to that sector with respect to any pending application made under section 168 of this Act; and

(b) a company issued an economic development incentive certificate before the removal shall exhaust its unexpired incentive period only.

170. (1) Every economic development incentive certificate shall be in accordance with the terms and conditions stipulated in this Part. Terms of economic development incentive certificate

(2) An economic development incentive certificate shall specify —

(a) conditions of the certificate; and

(b) any permissible by-product that may be produced by the company in addition to the priority product and the proportion of the permissible by-product in relation to the priority product, either in quantity or in value or both.

(3) Where an application for economic development incentive certificate for a proposed company has been approved, its promoters shall incorporate the company, not later than three months after the date of notification of the approval.

(4) An economic development incentive certificate to be issued to a company to which subsection (3) relates shall be issued only after the company has been incorporated and the certificate shall be effective from the company's production day.

(5) In the case of an existing company, the NIPC shall, not later than 30 days after the approval of the President, issue the certificate and communicate it to the applicant.

(6) Notwithstanding anything contained in section 178 of this Act, where a company to which economic development incentive status has been issued —

(a) acquires another company to which an economic development incentive certificate has been issued under this Part or its equivalent under the Industrial Development (Income Tax Relief) Act, the incentive status of both companies shall cease on the Cap. I7 LFN, 2004

TheNigeriaLawyer

expiry date indicated on the economic development incentive certificate of the subsisting company;

(b) takes over the assets and business of any company which is not a company with an economic development incentive status, such acquisition of asset and business of that company shall be subject to sections 168 and 171 of this Act;

(c) is acquired by a company with no economic development incentive status, the economic development incentive status of the acquired company shall not be transferred to the acquiring company except as may be approved in accordance with sections 168 and 171 of this Act;

(d) merges with one or more companies that have been issued economic development incentive certificate or its equivalent —

(i) the incentive status of the merging companies shall cease on the date of the merger,

(ii) the emerging company from the merger may apply for economic development incentive status, and

(iii) the expiration date of the economic development incentive certificate to be granted under subsection (6)(d)(ii) to the emerging company, shall not be longer than the later date on the economic development incentive certificate of the merging companies.

Addition of product to the economic development incentive certificate

171. (1) A priority company may, at any time during its incentive period, make an application in writing to the Executive Secretary of the NIPC for its economic development incentive certificate to be amended to add another product to the priority product or products specified in the certificate.

(2) An application under this section shall specify the additional priority product and the reasons for the application and the provisions of sections 168 and 171 of this Act shall apply.

(3) An economic development incentive certificate may be extended for an additional period of 5 years and no more, on the condition that the priority company invests 100% of its profits during the incentive period for expansion of the same product or products.

Application of economic development incentive certificate

172. (1) Subject to the provision of section 173 of this Act, where an economic development incentive certificate is issued to a company and the provisions of Chapter Two of this Act has been applied on the company after the effective date of the certificate, appropriate adjustments shall be made to give effect to the provisions of this Part.

TheNigeriaLawyer

(2) No economic development incentive certificate under this Act shall be issued with a retroactive date.

173. (1) A company issued an economic development incentive certificate shall, not later than one month after its production day, apply to the relevant authority to certify its production day.

Production day and qualifying capital expenditure

(2) The relevant authority shall within one month of certifying the production day, notify the NIPC and the Service of the production day of the company.

(3) Not later than one month after the production day of the company has been determined and certified under this section, or within such extended time as the Service may allow, the company shall make an application in writing to the Service to certify the amount of the qualifying capital expenditure incurred by the company prior to production day and the company shall supply full particulars of the capital expenditure so incurred.

(4) In determining the amount of qualifying capital expenditure incurred by the company prior to its production day, any sum derived directly or indirectly by that company from disposal, made before the production day, of any asset on which qualifying capital expenditure has been incurred, shall be deducted from the amount of the qualifying capital expenditure.

(5) Where the disposal of asset referred to in subsection (4) is by way of a bargain not made at arm's length or to a connected person, the Service shall consider the asset disposed of at its market value in a comparable transaction conducted at arm's length.

(6) The Service shall issue a certificate to the company certifying the amount of qualifying capital expenditure incurred by the company prior to production day.

(7) The provisions of Chapter Two of Nigeria Tax Administration Act, 2025 which relate to objections and appeals shall apply to any certificate issued by the Service under this section, as if such certificate were a notice of assessment given under the provisions of the Nigeria Tax Administration Act, 2025.

(8) Where the amount of the qualifying capital expenditure incurred by the company prior to production day has been determined and certified by the Service, the Service shall notify the NIPC of the amount.

(9) Where a certificate issued by the Service under subsection (6) certifies that the company has on or before production day incurred qualifying capital expenditure lower than the amount specified in the Tenth Schedule to this Act, the Service shall discountenance such economic development incentive certificate and notify the NIPC accordingly.

Tenth Schedule

(10) For the purposes of this section, "production day" means in relation to a company —

TheNigeriaLawyer

(a) providing services, the date in which the company is ready to provide such priority service on a commercial scale; and

(b) engaged in manufacturing, processing, mining, agricultural or any other priority industry, the date in which the company begins to produce the priority product in commercial quantities.

Cancellation of economic development incentive certificate

174. (1) The NIPC shall cancel an economic development incentive certificate —

(a) on the application of the priority company concerned;

(b) on the cessation of the priority business or the company being liquidated or wound up; or

(c) where the priority company fails to commence production 12 months after the proposed production day.

(2) The Minister may, on the recommendation of the NIPC, suspend the economic development incentive certificate and require the priority company to, not later than three months, remedy a non-compliance and furnish the details of compliance where —

(a) any of the conditions for the grant of economic development incentive certificate was not met; or

(b) the Minister is of the opinion that a priority company has contravened any provision of this Part or has failed to fulfil any estimate or proposal made in its application for an economic development incentive certificate or any conditions contained in its certificate.

(3) Where a priority company fails to remedy the non-compliance or furnish the details of the compliance within the time specified in subsection (2), the Minister shall, on the recommendation of the NIPC, recommend to the President, the cancellation of the economic development incentive certificate.

(4) The President may, on the recommendation of the Minister, approve the cancellation of the economic development incentive certificate of the company, and any benefit that has accrued to the priority company from the economic development incentive status may be withdrawn.

(5) The effective date of cancellation of an economic development incentive certificate of a priority company shall be where the —

(a) company has operated for a period less than one year after the production day, the production day;

(b) company has operated for a period more than one year after the production day, the date of the last anniversary of the production

TheNigeriaLawyer

day; or

(c) cancellation is as a result of failure to meet any of the conditions for the grant of economic development incentive certificate, the production day.

(6) Where the economic development incentive certificate of a company is suspended or cancelled, or where benefits that accrued to the company is withdrawn, the NIPC shall give notice of the cancellation or withdrawal to the Service and the company concerned, specifying the effective date thereof.

Information

175. The NIPC, Federal Ministry of Industry Trade and Investment or the Service may require a priority company to provide information on —

(a) the local production costs and factory prices of the products of the company;

(b) the relative cost, including freight and insurance, of imported products equivalent or similar to the priority products produced by the company; or

(c) any other matter as may be required for the purposes of this Part or any provision of this Act.

Publication of economic development incentive certificate

176. The NIPC shall cause to be published in the Official Gazette —

(a) the name of any company to which an economic development incentive certificate has been issued and the priority sector or product to which the certificate relates;

(b) the name of any company whose economic development incentive certificate has been cancelled and the effective date of the cancellation; and

(c) any restriction of the incentive period of a company granted an economic development incentive status.

Economic development tax credit

177. (1) The tax payable on the profits of a priority product or service in any year of assessment during the priority period of a company, computed in accordance with the provisions of chapter two of this Act, shall constitute economic development tax credit for the company.

(2) Subject to section 57 of this Act, the economic development tax credit may be utilised to offset the tax payable of any year of assessment during the priority period, except the additional tax payable under that section

(3) A company having unutilised tax credit may utilise it within five assessment

TheNigeriaLawyer

years after the end of the priority period, after which any unutilised tax credit shall lapse.

178. The incentive period of a priority company shall commence on the production day of the company, and subject to sections 170, 171 and 174 of this Act, shall be for a period of five years. Economic development incentive period

179. (1) Where a priority company carries on a non-priority business, the company shall maintain separate records of income and books of account for each business. Books and records for priority products

(2) The records of each business certified by an auditor, shall be sufficient to enable the determination of the turnover, income or profits of each class of business.

(3) Where, in the opinion of the Service, the company has not complied with the provision of this section, all the income of the company shall be deemed non-priority and economic development tax credit shall not be granted.

180. (1) All the relevant provisions of Chapter Two of this Act and the Nigeria Tax Administration Act, 2025, including the filing of returns, shall apply to a company granted economic development incentive status during the priority period. Returns of profits

(2) The company shall provide evidence of compliance with the minimum qualifying criteria specified in sections 167 and 168, and the Tenth Schedule to this Act, accompanied with the annual income tax returns. Tenth Schedule

181. (1) The Service may, not later than six years after the cancellation of an economic development incentive certificate, withdraw or discountenance an economic development tax credit granted under this Part, except in the case of fraud where there is no limit to the time for the withdrawal of the economic development tax credit. Cancellation or discountenance of economic development tax credit

(2) Where an economic development tax credit is withdrawn or discountenanced under subsection (1), the Service shall, within the time prescribed under the Nigeria Tax Administration Act, 2025, issue notice of additional assessment to the company.

182. (1) For the purposes of Chapter Two of this Act, the trade of a company which operates a plantation to which an economic development incentive certificate has been issued shall be deemed to have commenced on the date when the planting first reaches commercial production. Provisions for plantation industry

(2) Expenditure incurred on the maintenance of a planted area up to the date specified in subsection (1) is deemed to have brought an asset into existence, and the expenditure shall be qualifying plantation expenditure on the date the business commenced, for the purposes of Part I of the First Schedule to this Act. First Schedule

TheNigeriaLawyer

183. (1) Any company granted economic development tax credit, shall not benefit from a similar tax incentive under this Act or any other law.

Exclusion from other reliefs and transition arrangements

(2) Any company granted an incentive under the Industrial Development (Income Tax Relief) Act shall continue to enjoy the reliefs applicable under the Act for the unexpired period as at the commencement of this Act.

Cap. I7 LFN, 2004

(3) Where a company has been granted an economic development incentive under this Act prior to the applicable sunset for the sector or activity, the company shall continue to enjoy the reliefs applicable under this Chapter for the unexpired period as specified under sections 177 and 178 of this Act.

184. In this Part —

Interpretation

"Minister" means the Minister responsible for industry, trade and investment;

"relevant authority" means the Industrial Inspectorate Department of the Federal Ministry of Industry, Trade and Investment; and

"sunset" in the context of the Tenth Schedule means the period counting from the date of commencement of this Act after which a sector, industry or activity shall cease to be eligible for the economic development incentive subject to section 183 (3) of this Act.

Tenth Schedule

PART III — EXEMPTION FROM STAMP DUTIES

185. The following instruments shall be exempted from stamp duties under Chapter Eight of this Act —

Exemption from stamp duties

(a) transfer of shares in Government or legislative stocks or funds of Nigeria;

(b) any instrument for sale, transfer or other disposition, either absolutely or by way of mortgage, or otherwise, of any ship or vessel or any part, interest, share or property of or in any ship or vessel;

(c) any instrument on which the duty would be payable by a Nigerian Government or any of its ministries, departments or agencies;

(d) any instrument in which the duty would be payable by any consular officer arising out of his official functions provided the foreign government he represents grants similar exemption to Nigerian consular officers;

(e) any instrument executed by or on behalf of a co-operative society registered under any Act or law;

TheNigeriaLawyer

(f) shares, stocks or securities transferred by a lender to its approved agent or a borrower in furtherance of a regulated securities lending transaction;

(g) shares, stocks or securities returned to a lender or its approved agent by a borrower in pursuant of a regulated securities lending transaction; or

(h) all documents relating to the transfer of stocks and shares.

(i) electronic transfer or electronic receipts of money of a sum below ₦10,000 or its equivalent in other currencies, transfers for salary payment and intra-bank self- transfers.

PART IV — EXEMPTION FROM VAT

186. (1) The following supplies are exempt from the VAT imposed under Chapter Six of this Act — Exempt Supplies

(a) oil and gas exports;

(b) crude petroleum oil and feed gas for all processed gas;

(c) goods purchased for use in humanitarian donor funded projects;

(d) baby products;

(e) locally manufactured sanitary towels, pads or tampons;

(f) military hardware, arms, ammunitions and locally manufactured uniforms supplied to armed forces, para-military and other security agencies of a Nigerian government;

(g) shared passenger road-transport service;

(h) purchase, hire, rental or lease of tractors, ploughs and other equipment used for agricultural purposes.

(i) supplies consumed by an approved entity in the export processing or free trade zones, provided that the supplies are consumed on its approved activity;

(j) goods or services supplied to a diplomatic mission, diplomat or person recognised under the Diplomatic Immunities and Privileges Act whose activity is in public interest, and not for profit; Cap. D9, LFN, 2004

TheNigeriaLawyer

(k) plays and performances conducted by educational institutions as part of learning;

(l) land or building including interest in land or building;

(m) money or securities including interest in money or securities;

(n) Government licences; and

(o) Assistive devices and disability-related products including hearing aids, wheelchairs, and braille materials.

(2) Notwithstanding the provisions of Chapter Six of this Act, VAT shall not be collected on the items specified in paragraph 1 of the Eleventh Schedule to this Act except where the Minister by an order, published in the Official Gazette, specifies the date of collection of VAT on the items listed in the Order.

Eleventh Schedule

187. Subject to paragraph 2 of the Thirteenth Schedule to this Act, the following taxable supplies are charged to VAT at the rate of 0% —

Taxable supplies chargeable at 0%

Thirteenth Schedule

(a) basic food items;

(b) all medical and pharmaceutical products including medicinal herbal products;

(c) educational books and materials;

(d) fertilisers;

(e) locally produced agricultural chemicals;

(f) locally produced veterinary medicine;

(g) locally produced animal feeds;

(h) live cattle, goats, sheep and poultry;

(i) agricultural seeds and seedlings;

(j) electricity generated by generation companies (GENCOs) and supplied to National Grid or Nigeria Bulk Electricity Trading Company (NBET);

(k) electricity transmitted by Transmission Company of Nigeria (TCN) to Electricity Distribution Companies (DISCOs);

(l) medical services,

TheNigeriaLawyer

(m) tuition relating to nursery, primary, secondary or tertiary education

(n) exported goods excluding oil and gas;

(o) exported services;

(p) exported incorporeal property;

(q) medical equipment;

(r) electric vehicles; and

(s) parts, semi-knock-down units for the assembly of Electric Vehicles.

Exemption by Order of the President

188. Where, a government or an agency of a government in Nigeria has entered into an agreement with the government of another country or a donor agency for the provision of developmental financing for any project in Nigeria, and such agreement provides for the exemption of supplies made under the project from VAT, the President may, by an order published in the Official Gazette, give effect to the exemption.

Interpretation

189. For the purposes of this Part and Chapter Six of this Act —

"agricultural seeds and seedlings" refer to seeds and seedlings for the cultivation of agricultural plants and crops;

"baby products" means products made for the use of babies from birth to three years of age and described below —

(a) baby activity and entertainment products for example, baby safety car and home accessories, high chairs, cots, bassinets, baskets or cribs along with parts and accessories;

(b) baby bathtub, sponges, towels, for example, baby grooming kit, baby creams, powders or lotions;

(c) baby carriage and parts for example, carriers, slings, bouncers, swing or rockers, along with parts and accessories;

(d) baby garments and clothing of any material;

(e) feeding products, for example, feeding bottle, feeding bottle warmers and related accessories;

(f) plates, spoons, cups, sippy cups, breast pumps and accessories, nursing and feeding pillows;

TheNigeriaLawyer

(g) sanitary wares, for example, diapers, wipes and related products, diaper bags, potty and toilet training devices, baby mattress waterproof cover, baby toiletries, changing table and mat; and

(h) others, for example, baby monitors along with parts and accessories;

"basic food items" means an agriculture-based or aquatic-based staple food including —

(a) locally produced table honey;

(b) white bread and brown bread;

(c) cereals including maize, rice, wheat, millet, barley, sorghum, oats, fonio and finer millet, in the form of grain, flour, crop, whether raw or semi-processed, whether in bulk or retail;

(d) cooking oils including, vegetable oil, soya oil, palm oil, groundnut oil, shea butter, beniseed oil, olive oil, coconut oil, provided that they are of a type and grade suitable for culinary purposes, and do not contain any substance such as, fragrance, which will make them unsuitable for culinary use;

(e) culinary herbs including, curry, thyme, onions, ginger, mint, whether raw or processed;

(f) fish of all kinds other than ornamental, whether live, fresh, frozen, smoked or dried;

(g) flour and starch including, corn flour, plantain flour, cassava flour, beans flour, wheat flour, rice flour, yam flour, cassava flakes (garri), whether bleached or unbleached, refined or unrefined, provided that it is suitable for culinary purposes;

(h) fruits including, pineapples, oranges, mangoes, guavas, grape fruit, banana and pawpaw, whether fresh or dried;

(i) live or raw meat from cow, goat, lamb, pig, poultry, whether butchered or in parts, fresh or frozen, and including poultry eggs;

(j) milk, whether fresh or processed into liquid or powdered form;

(k) nuts for human consumption such as, groundnut, walnut, cashew nut, hazelnut, kolanut, tigernuts and coconut, whether raw, roasted, dried, fried, boiled or seasoned, cracked or in the shells;

(l) pulses for human consumption including, beans, lentils, peas, chickpeas and tamarind, whether raw, roasted, fried, boiled, salted

TheNigeriaLawyer

or in their shells;

(m) tubers (roots) of yam, cocoyam, potatoes, water-yam, cassava, whether in raw form, flakes or flour for human consumption;

(n) salt for only culinary use, means fine salt and salt in retail packs, and excludes industrial salt;

(o) vegetables including pepper, melon, lettuce, okra, cabbage, carrot, whether fresh, dried or ground;

(p) water means natural water and table water, including spring water, rain water, pipe borne water or well water excluding —

(i) sparkling or flavoured water,

(ii) water sold in restaurants, hotels, eateries, lounges, cafes, canteens and other similar settings, and

(iii) water sold by contractors, caterers or similar persons;

"educational books" means physical or electronic books used to implement instruction and facilitate learning in educational institutions providing pre-primary, primary, secondary, tertiary, special, adult, vocational, technical science or religious education, including booklets, brochures, pamphlets and leaflets, newspapers, journals and periodicals, children's books, picture and painting books, music (printed, duplicated or manuscript), maps, charts and topographical plans, covers, cases and other articles supplied together with the books;

"educational materials" means materials used for instructional purposes, for active learning, assessment and administration, including physical or electronic materials used to implement instruction and facilitate learning in educational institutions providing pre-primary, primary, secondary, tertiary, special, adult, vocational, technical science, or religious education;

"equipment" means tools, which may be devices, machines or specialised industrial vehicles that assist a person in achieving an action beyond the normal capabilities of a human;

"exported goods" means goods produced or procured for commercial purposes by a person in Nigeria and supplied to a person outside Nigeria;

"farming machinery and implements and farming transportation equipment" means equipment used exclusively for farming or for any other agricultural production including tractors, ploughs, harrows, ridgers, harvesters, and equipment of the same kind;

TheNigeriaLawyer

"fertilisers" means all fertilisers for agricultural purposes;

"humanitarian donor funded projects" includes projects undertaken by Non-Governmental Organisations and religious and social clubs or societies recognised by law whose activity is not for profit and in the public interest;

"locally produced agricultural or veterinary medicines" means —

(a) drugs and vaccines produced in Nigeria for the treatment of animals, fish and plants including veterinary pharmaceuticals in various prescription presentations, veterinary nutraceuticals in various prescription presentations, veterinary biological vaccines, anti-sera, plasma, bacterins, hormones, toxoids, veterinary biosecurity for example, disinfectants, antiseptics, feed sanitizers and water sanitizers;

(b) drugs and vaccines produced in Nigeria for treatment of fishes including dietary supplements for fishes including feed grade amino acids as single biochemical for example, lysine, methionine, tryptophan, feed grade minerals as single entity, feed grade vitamins as single entity, feed grade enzymes, feed grade inorganic compounds as single entity for example, calcium phosphate, vaccines for fishes including killed vaccines, attenuated vaccines, deoxyribonucleic vaccines, acid (DNA) vaccines, recombinant vector vaccines, subunit vaccines, genetically modified vaccines, synthetic peptide vaccines; and

(c) drugs and vaccines produced in Nigeria for treatment of plants such as chemical crop protection products commonly referred as pesticides or agro-chemical including insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and similar products;

"locally produced animal feeds" means feeds for poultry, cattle or fish;

"machinery" means a mechanical device or the parts that operate together to perform a single task, including the accessories necessary to the working of a machine;

"medical equipment" means devices requiring calibration, maintenance, repair, user-training and decommissioning, medical equipment used for the specific purposes of diagnosis and treatment of disease or rehabilitation following disease or injury, used either alone or in combination with any accessory, consumable or other piece of medical equipment, including veterinary equipment and devices, excluding cosmetology or fitness devices and other similar devices;

"medical products" means articles, instruments, apparatus, machine or software used in the prevention, diagnosis or treatment of illness or

TheNigeriaLawyer

disease, or for detecting, measuring, restoring, correcting or modifying the structure or function of the body for some health purpose which include implantable, disposable or single-use medical devices but excludes cosmetology or fitness devices and other similar devices;

"medical services" means healthcare services for both humans or animals, rendered by a qualified health practitioner, excluding cosmetology, spa, gymnasium or similar services;

"pharmaceutical products" means components or finished products of both modern and traditional medicine intended for human use in the diagnosis, cure, mitigation, or treatment of disease or injury, and prevention of disease provided such products are approved by the relevant regulatory authority;

“plant” refers to an assemblage of fixtures, tools, machinery, and apparatus which are necessary to carry on a trade or industrial business, including land, buildings, specialised structures, and equipment purchased off a shelf as a whole or an accumulation of parts which form a plant following a process of construction, installation, assemblage and transformed into a state for usage at the site of business;

"purchase" means to obtain, acquire or take possession of a given asset, property, item or right by paying money or money's worth;

"utilisation of gas in downstream petroleum operations" means the marketing and distribution of natural gas for commercial purposes, and includes its use in power generation, liquefied natural gas production, gas to liquid production or fertiliser plants, and gas distribution pipelines;

"shared passenger road-transport service" means passenger road-transport service which is available for use by the general public excluding leased, hired or rented motor vehicles, transportation apparatus for business or private use, car or ride hailing;

"water" means means natural water and table water, spring water, rain water, pipe borne water, well water and all-natural water of the same kind, all table water other than sparkling or flavoured water, except water sold —

(a) in restaurants, hotels, eateries, lounges, cafes, canteens and other similar settings; and

(b) by contractors, caterers and other similar vendors.

CHAPTER NINE — GENERAL PROVISIONS

Business restructuring

190. (1) The following rules shall apply in the event of restructuring of trades or businesses —

TheNigeriaLawyer

(a) in the case of a merger of two or more trades or businesses —

(i) a new trade or business shall not be deemed to have commenced as a result of the merger, and the provisions of this Act as they relate to cessation of trade or business shall not apply to the trade or business that ceased as a result of the merger.

(ii) the provisions of Part VIII of Chapter Two of this Act as they relate to chargeable gains shall not apply to the assets transferred to the new or surviving trade or business as a result of the merger,

(iii) assets of the merging trades or businesses shall be deemed to have been transferred at the residue of the qualifying capital expenditure on the day following the merger,

(iv) the provisions of the First Schedule to this Act shall apply on the remaining useful life of the asset transferred as a result of the merger, First Schedule

(v) unutilised capital allowance on the assets transferred shall be available for the use of the new or surviving trade or business,

(vi) unabsorbed losses of the merging entities shall be available to the surviving trade or business provided that such losses were incurred by the merged trade or business, and

(vii) taxes deducted at source in respect of the merged trades or businesses shall be available to the merged trade or business;

(b) in the case of a sale or transfer of a trade or business which results into the cessation of a trade or business —

(i) the provisions of Part V of Chapter Two of this Act as regards cessation of trade, business, profession or vocation shall apply to the trade or business that was sold or transferred,

(ii) for the purposes of the First Schedule to this Act, the asset sold or transferred shall be recognised at the value at which they are sold or transferred, First Schedule

(iii) the provisions of Part VIII of Chapter two of this Act as they relate to chargeable gains shall apply on any asset sold or transferred,

TheNigeriaLawyer

(iv) unutilised capital allowance on the assets sold or transferred shall not be available for use in the new or surviving trade or business,

(v) unabsorbed losses of the old business shall not be available for use in the new or surviving trade, business, profession or vocation, and

(vi) taxes deducted at source from the old trade or business, shall not be available for use by the new or surviving trade or business;

(c) in the case of a sale or transfer of a business asset which does not result into the cessation of the trade or business, and where the parties agreed to sell or transfer the asset for an amount not exceeding the sum of the residue of the qualifying capital expenditure and unutilised capital allowance of the asset —

(i) capital allowance under the provisions of the First Schedule to this Act shall apply to the residue of the asset only, First Schedule

(ii) the unutilised capital allowance on the asset sold or transferred shall be available for use by the buying trade or business,

(iii) the trade or business that sold or transferred the assets shall not claim any part of the unutilised capital allowance pertaining to the asset sold or transferred, and

(iv) the provisions of Part VIII of Chapter Two of this Act as regards chargeable gains shall not apply to the asset sold or transferred under this paragraph.

(2) Notwithstanding the provisions of subsection (1), in the case of companies engaged in upstream petroleum operations, where business restructuring results in the formation of a new company and cessation of the old business, the accounting period of the company acquiring that trade or business shall commence on—

(a) the date on which the sale or transfer of the trade or business to the new company takes place; or

(b) such date within the calendar month in which the sale or transfer takes place, as may be elected by the company with the approval of the Service, and end on 31st December of the same year, provided that any gap between the old and surviving business shall be treated as being part of the new or surviving company;

TheNigeriaLawyer

(3) The period referred to in subsection (2), shall constitute “Accounting Period” under Chapter Three of this Act.

(4) The relevant tax authority shall be notified of any restructuring of a trade, business, profession or vocation prior to commencing such arrangement.

(5) Reference to a trade or business in this section include references to any part of the trade or business.

(6) VAT charged under Chapter Six of this Act shall not apply to business restructuring carried out in accordance with this Act.

(7) Where a business, or a part of the business, which is capable of separate operation, is transferred as a going concern and the purchaser uses the assets in the same kind of business, such transfer shall not be treated as a supply of goods or services for the purposes of VAT, provided that the purchaser is registered in accordance with Part II of the Nigeria Tax Administration Act, 2025 or registerable as a result of the transfer.

Artificial transactions

191. (1) Where a relevant tax authority is of the opinion that a disposition is not given effect to, or that a transaction which reduces or may reduce the amount of tax payable, is artificial or fictitious, it may disregard any such disposition or transaction, or direct that such adjustments be made with respect to liability to tax as it considers appropriate, to counteract the reduction of liability to tax and issue an assessment or additional assessment accordingly.

(2) The provisions relating to objections and appeals under Chapter Four of the Nigeria Tax Administration Act, 2025 shall apply to a direction made under this section.

(3) For the purpose of this section —

(a) "disposition" includes any trust, grant, covenant, agreement or arrangement; and

(b) a transaction between connected persons shall be deemed to be artificial or fictitious if, in the opinion of the relevant tax authority, the transaction has not been made at arm's length.

Transactions between related parties to be at arm's length

192. (1) A company involved in an arrangement with a related party shall —

(a) ensure that the terms and conditions for which the arrangement is carried out is at arm's length; and

(b) report the arrangement in the form and manner prescribed by the relevant tax authority.

TheNigeriaLawyer

(2) Where, in the opinion of a relevant tax authority, a company has entered into an arrangement with a related party which is not at arm's length, it may effect necessary adjustments to bring the arrangement in conformity to arm's length terms as provided under the Transfer Pricing Regulations.

(3) The relevant tax authority may make rules or regulations for the administration of this section.

(4) For the purposes of this section —

(a) an "arrangement" includes any agreement, understanding, scheme, financial or commercial relation, transaction or series of transactions; and

(b) "arm's length terms and conditions" means such terms and conditions obtainable if the transaction or arrangement was between unrelated parties dealing in comparative circumstances.

Waivers or refund of liability or expenses

193. (1) Where a deduction has been allowed under the provisions of this Act in respect of any liability or any expense incurred and the liability is waived or released or such expense is refunded in whole or in part, the amount of that liability or expense which is waived, released or refunded, shall be an income on the day of the waiver, release or refund.

(2) Where any liability or expenditure of capital nature is waived, it shall constitute a chargeable gain for the purposes of Part VIII of Chapter Two of this Act.

Supplemental

194. (1) In this Act, references to incomes, profits or gains charged or chargeable to tax include references to profits, incomes or gains taxed or taxable by deduction at source.

(2) For the purposes of any computation under this Act, any method of apportionment adopted shall be just and equitable and consistently applied under similar circumstances.

Power to make regulations

195. The Service may, with the approval of the Minister, make regulations to give effect generally to the provisions of this Act.

Repeals

196. From the commencement of this Act, the following enactments are repealed (repealed enactments) —

(a) Capital Gains Tax Act, Cap. C1, Laws of the Federation of Nigeria, 2004;

(b) Casino Act, Cap. C3, Laws of the Federation of Nigeria,2004;

(c) Companies Income Tax Act, Cap. C21, Laws of the Federation of

TheNigeriaLawyer

Nigeria, 2004;

(d) Deep offshore and Inland Basin Act, Cap. D3, Laws of the Federation of Nigeria, 2004;

(e) Industrial Development (Income Tax Relief) Act, Cap. I17, Laws of the Federation of Nigeria,2004;

(f) Income Tax (Authorised Communications) Act, Cap. I4, Laws of the Federation of Nigeria, 2004;

(g) Personal Income Tax Act, Cap. P8, Laws of the Federation of Nigeria,2004;

(h) Petroleum Profits Tax Act, Cap. P13, Laws of the Federation of Nigeria,2004;

(i) Stamp Duties Act, Cap. S8, Laws of the Federation of Nigeria, 2004;

(j) Taxes and Levies (Approved List for Collection) Act, Cap. T2, LFN 2004;

(k) Value Added Tax Act, Cap. V1, Laws of the Federation of Nigeria, 2004; and

(l) Venture Capital (Incentives) Act, Cap. V2, Laws of the Federation of Nigeria, 2004.

Consequential amendments

197. **(**1) The Petroleum Industry Act, No. 6, 2021 is amended by deleting —

(a) Part I - X of Chapter Four;

(b) the Fifth and Sixth Schedules;

(c) paragraphs 6, 9, 10, 11 and 12, of the Seventh Schedule; and

(d) paragraph 14 (6) of Part IV of the Seventh Schedule.

(2) The Nigeria Export Processing Zones Act, Cap. N107, Laws of the Federation of Nigeria, 2004 is amended by deleting sections 8 and 18(1)(a).

(3) The Oil and Gas Export Free Trade Zone Act, Cap. O5, Laws of the Federation of Nigeria, 2004 is amended by deleting sections 8 and 18(1)(a).

(4) The National Information Technology Development Agency Act, No. 28, 2007 is amended by deleting sections 12(2)(a) and 16, and the Third Schedule.

TheNigeriaLawyer

(5) The Tertiary Education Trust Fund (Establishment, Etc.) Act, 2011 is amended by deleting sections 1, 2, and 3(3).

(6) The National Agency for Science and Engineering Infrastructure (Establishment) Act, Cap. N3 Laws of the Federation of Nigeria, 2004 is amended by deleting section 20(2) (b) (i) and (ii).

(7) The Customs, Excise Tariffs, Etc. (Consolidation) Act Cap. C49 Laws of the Federation of Nigeria, 2004 is amended by deleting section 21 (2).

(8) The National Lottery Act No. 7, 2005 is amended by deleting section 35A, 35B and 35C.

(9) The Nigerian Minerals and Mining Act, No. 20, 2007 is amended by deleting sections 28 and 33.

(10) The Nigeria Start-up Act, No.32, 2022 is amended by deleting sections 25(2), (3), (4) and 29(3).

(11) The Export (Incentives and Miscellaneous Provisions) Act, Cap. E19 Laws of the Federation of Nigeria, 2004 is amended by deleting section 11(1).

(12) The Federal Roads Maintenance Agency (Establishment, Etc.) Act Cap. F38, Laws of the Federation of Nigerian 2004 is amended by deleting section 14(1)(h).

(13) The Student Loans (Access to Higher Education) Act, 2024 is amended by deleting section 17 (1).

(14) The Cybercrime (Prohibition, Prevention, Etc.) Act, No. 17 2015 is amended by deleting section 44 (2)(a) and (4), and the Second Schedule.

Revocation and consequential amendment of subsidiary legislation

198. (1) The Value Added Tax Act (Modification) Order, 2021 is revoked.

(2) The Companies Income Tax (Significant Economic Presence) Order, 2020 is amended by deleting paragraph 2.

(3) The Petroleum (Drilling and Production) Regulations, 1969 is amended by deleting regulations 60B, 60C, 61(1), (2), (4), and 62.

Savings provisions

199. Without prejudice to the provision of section 6 of the Interpretation Act —

(a) the repealed enactments specified in section 196 and the amended enactments specified in section 197 of this Act shall not affect anything done under the enactments;

(b) a notice, guideline, rule, order, regulation, circular or other subsidiary legislations made or issued under any provision of the repealed or amended enactments by this Act, shall continue to be

TheNigeriaLawyer

in force as if they had been made or issued by the relevant authority or person under this Act except to the extent that it is inconsistent with the provisions of this Act;

(c) an enforcement process or legal proceedings commenced or pending prior to the commencement of this Act, in connection with imposition of tax, contravention or non-compliance with the repealed or amended enactments, shall continue and be disposed of, as if it was commenced under this Act; and

(d) anything made or done, or having effect as if made or done, before the date of commencement of this Act under any provision of the repealed or amended enactments by the relevant tax authority, and having any continuing or resulting effect with respect to the taxation of a taxable person or any matter connected, shall be treated as if it was done or performed by the relevant tax authority under this Act.

Exercise of powers, duties and obligations

200. The performance of the duties and obligations, as well as the exercise of powers and rights conferred by this Act shall, to the extent not provided in this Act, be in accordance with the provisions of the Nigeria Tax Administration Act, 2025.

Conflict with other laws

201. (1) Subject to the Constitution of the Federal Republic of Nigeria, this Act shall take precedence over any other law with regards to the imposition of tax, royalty, levy, surcharge on services and fossil fuel or any other tax, and where the provisions of any other law is inconsistent with the provisions of this Act, the provisions of this Act shall prevail and the provisions of that other law shall, to the extent of the inconsistency, be void.

(2) Notwithstanding the provisions contained in any other law —

(a) taxable income, allowable deductions, reliefs or allowances for the purposes of ascertaining tax due shall be determined only in accordance with this Act;

(b) any income or profits, gains, assets or transaction which is chargeable to tax under this Act shall not be subject to any other tax of a similar nature imposed on the same taxpayer or tax base; and

(c) the Minister may issue regulations or guidelines published in the Official Gazette for the effective implementation of this subsection.

(3) A person or agency of Government saddled with a duty or obligation under this Act or under any other law shall, for the purposes of giving effect to imposition of any tax, levy, royalty, surcharge on fossil fuel, carry out such duty or obligation in accordance with this Act.

TheNigeriaLawyer

202. In this Act — General interpretation

"accelerator" is as defined in the Nigeria Startup Act, No. 32, 2022;

"accounting period" means a period for which accounts have been made up;

"ad valorem" means the value of a transaction or property;

"agency of Government" includes a Ministry, department, statutory body, public authority and an institution of the Federal, State and Local Government;

"approved Agent" means any person approved by the Securities and Exchange Commission to function as an intermediary for the conduct of a regulated securities lending transaction;

"aggregate covered tax paid" means the addition of the income taxes paid by a company for a year of assessment under this Act;

"agricultural trade or business" means —

(a) primary crop production comprising the production of raw and semi-processed crops of all kinds, but excluding any intermediate or final processing of crops or any other associated manufactured or derivative crop product;

(b) primary livestock production comprising the production of live animals and their direct produce such as live or raw meat, live or raw poultry, fresh eggs and milk of all kinds, but excluding any other associated manufactured or derivative livestock product;

(c) primary forestry production comprising the production of timbers of various kinds such as firewood, charcoal, uncultivated materials gathered and other forestry products of all kinds, including seeds and saplings, but excluding the intermediate and final processing of timber and any other manufactured or derivative timber product; and

(d) primary fishing production comprising the production of fish of all kinds, including ornamental fish, but excluding any intermediate or final processing of any other manufactured or derivative fish product;

"angel investor" is as defined in the Nigeria Startup Act, No 32, 2022;

"assessable income" means assessable income determined under the provisions of chapter two of this Act;

TheNigeriaLawyer

"authorised officer" means an officer who has been authorised by a tax authority to perform any function under this Act;

"bank" means a bank as defined under the Banks and Other Financial Institutions Act, Act No. 3, 2020;

"banking" means business conducted or services offered by a bank;

"beneficial owner" means a person who has ownership, control, rights, indirect benefit or beneficial interest over shares or clients, or over income, goods, services or assets subject to tax, or on whose behalf a transaction is carried out;

"borrower" means an approved borrower in a regulated securities lending transaction;

"building" means any structure permanently affixed to land for all or most of the useful life of that structure and shall include a house, garage, dwelling apartment, hospital and institutional building, factory, warehouse, theatre, cinema, store, mill building and similarly fixed structure affording protection and shelter, but excludes any fixtures or structures that can easily be removed from such land, such as radio and television masts, transmission lines, cell towers, vehicles, mobile homes, caravans and trailers;

"chargeable gains" has the meaning given in section 33 of this Act;

"company" a company or corporation, including limited liability partnership, established by or under any law in force in Nigeria or elsewhere;

"commencement of business" means the starting of operation of a business;

"commencement date" means the date that an entity carries out its first transaction which shall be the earliest of the date it —

(a) begins to market or first advertises its products or services for sale;

(b) obtains an operating license from a regulatory authority in Nigeria;

(c) first sale or purchase;

(d) execute its first trading contract after incorporation;

(e) issues or receives its first invoice;

(f) delivers or receives its first consignment of goods; or

TheNigeriaLawyer

(g) first renders services to its customers;

"communication infrastructure" means telecommunications fibre optics, satellite cellular networks, broadband systems radio transmission towers, undersea cables and other similar infrastructure;

"compensating payments" means any payments made in lieu of interest or dividend under a regulated securities lending transaction;

"connected persons" includes in the case of —

(a) individuals, the individuals are married or are relatives;

(b) a trustee in relation to a settlement, the trustee and the settlor, or the spouse or a relative of the settlor;

(c) a partnership, a person is related to the person, or spouse or a close relative of the person with whom he is in partnership;

(d) a company —

(i) a person is connected to a company of which he, or his spouse or a close relative has control,

(ii) a company is connected to another company where the same person has control over both companies, or connected persons acting separately have control over the companies,

(iii) a company is connected to two or more persons who acting together, or through a person acting on their directions exercise control over the company,

(iv) two companies are connected where one company participates directly or indirectly in the management, control or capital of the other company, or the same persons participate directly or indirectly in the management, control or capital of a company and another company;

(e) other cases, two persons are connected where —

(i) one may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of the other person,

(ii) both persons may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of a third person, or

TheNigeriaLawyer

(iii) one person has the practical ability to control the business decisions of another person:

Provided that two persons are not connected solely by reason of the fact that one person is the employee or client of the other, or both persons are employees or clients of a third person;

"constituent entity" means any company, permanent establishment or business unit that is a member of a multinational enterprise;

"conveyance on sale" means the transfer of interest in real property, being land and building, only;

"digital assets" means digital representation of value that can be digitally exchanged, including crypto assets, utility tokens, security tokens, non-fungible tokens (NFT), such other similar digital representation or derivatives of any of the listed or similar assets and any other asset as may be defined by the relevant regulatory authority;

"disposal of assets" has the meaning assigned to it under section 35 (1) of this Act;

"economic development incentive certificate" means a certificate issued under this Act certifying, among other things, a company to be a priority company, or any such certificate as amended under this Act;

"employment" includes any appointment or office, whether public or otherwise, for which remuneration is payable;

"entertainment" includes any exhibition and performance in which admission of people is subject to payment by such persons but does not include the following —

(a) play on stage and performance which are carried out by government-approved educational institutions as part of learning;

(b) sport, game or other cultural performance sponsored by Government;

(c) entertainment sponsored by a charitable, educational, medical, scientific or cultural institution of a public character; and

(d) entertainment organised by a non-profit making, charitable, educational, medical, scientific or cultural society registered under the law where the entertainment is in furtherance of the objectives of the society;

TheNigeriaLawyer

"executor" includes any person administering the estate of a deceased person;

"exported service" means a service rendered to a non-resident person outside Nigeria by a taxable person regardless of where the service is rendered, provided that a service rendered to the Nigerian permanent establishment of a non-resident person shall not qualify as exported service;

"family income" refers to any income accruing to a family from all sources;

"foreign company" means a non-resident company or any company other than a Nigerian company;

"financial institutions" includes depository institutions, custodial institutions, investment institutions and insurance companies;

"finance lease" means a lease arrangement where the lessee effectively assumes most of the risks and rewards associated with asset ownership;

"financial services" includes depository services, custodial services, investment services and insurance services;

"government" means the Federal Government, State Government or the Federal Territory or the Local Government Council;

"goods' for the purposes of Chapter Six of this Act, means all forms of tangible properties, movable or immovable;

"gross turnover" means the gross inflow of economic benefits during the period arising in the course of the operating activities of an entity when those inflows result in increases in equity including sales of goods, supply of services, receipt of interest, rents, royalties or dividends other than increases relating to contributions from equity participants;

"hire purchase" means a financial arrangement in which a person acquires immediate use of an asset by making regular instalment payments over a specified period and may gain ownership of the asset on the completion of the payments;

"import" means bringing in goods and services from another country or from an export processing zone;

"importer" means any person who imports goods;

TheNigeriaLawyer

"individual" includes a corporation sole and a body of individuals but does not include a company, partnership, community, family, trustee or executor or any body of trustees, executors or legal arrangements;

"income from investing activities" includes dividend, interest, royalty and any other income of similar nature;

"income tax" means any tax chargeable under Chapters Two and Three of this Act;

"incubator" is as defined in the Nigeria Startup Act, No. 32, 2022;

"instrument" includes any document relating to transactions consummated through conventional, electronic or other means;

“insurance” includes assurance;

"investor in gas pipeline" means a person issued a gas transportation pipeline licence by the Nigerian Midstream and Downstream Petroleum Regulatory Authority, with the exclusive right to own, construct, operate and maintain a gas transportation pipeline within a route, for its own account and with third party access provisions, or as a common carrier;

"itinerant worker" includes an individual, irrespective of his status, who works at any time in any state during a year of assessment, other than as a government security officer, for wages, salaries or livelihood by working in more than one State and work for a minimum of 20 days in at least three months of every assessment year;

"invoice" includes any document issued as evidence of demand for payment;

"labelled startup" is as defined in the Nigeria Startup Act No. 32, 2022;

"land" means the earth's crust, or parcelled plots;

"lender" means an approved lender in a regulated securities lending transaction;

"manufacturer" means any person who engages in the production of goods who manufactures for or on behalf of other persons;

"manufacturing" means a process by which a commodity is finally produced, including assembling, bottling, mixing, blending, grinding, cutting, bending, twisting and joining or any other similar activity;

"Minister" means the Minister responsible for finance;

TheNigeriaLawyer

"minimum effective tax rate" means rate of 15%;

"mining operations" means any trade or business, other than petroleum operations, involving the exploitation or extraction of mineral resources situated in the territory of the Federal Republic of Nigeria;

"MNE" means multinational enterprise;

"MNE group" means any group that includes two or more enterprises the tax residence for which is in different jurisdictions, or includes an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction;

"mortgage" means a security by way of deposit of real property for the payment of any definite and certain sum of money advanced including any agreement accompanied with a deposit or pledging of title deeds for making a mortgage, or any other security of any land, estate, or property comprised in title deeds;

"multinational enterprise" means a company that carries on business in more than one country or jurisdiction through subsidiary companies, associated companies, permanent establishments or any other business units located in those countries or jurisdictions;

"multinational group" means MNE group;

"National Minimum Wage" means the extant minimum wage prescribed by the National Minimum Wage (Amendment) Act 2024;

"Nigeria" means the Federal Republic of Nigeria, and when used in a geographical sense, includes the territorial waters of the Federal Republic of Nigeria, and any area outside the territorial waters, including the continental shelf, which in accordance with international law has been or may be designated, under the law of the Federal Republic of Nigeria, as an area within which the right of the Federal Republic of Nigeria with respect to the seabed, its subsoil, its superjacent waters and their natural resources may be exercised now and in the future;

"Nigerian company" means a company —

(a) formed, registered or incorporated under any law in Nigeria;

(b) whose central place of management or control is Nigeria; or

(c) whose effective place of management or control is Nigeria;

TheNigeriaLawyer

"non-resident" means non-resident person, individual or company, as the context requires;

"non-resident individual" means an individual that, in any year of assessment—

(a) is not domiciled in Nigeria;

(b) has no permanent place available for his domestic use in Nigeria;

(c) has no place of habitual abode in Nigeria;

(d) has no substantial economic and immediate family ties in Nigeria;

(e) sojourns in Nigeria for a period or periods amounting to an aggregate of less than 183 days in a 12-month period inclusive of annual leave or temporary period of absence; and

(f) is not serving as a diplomat or diplomatic agent of Nigeria in another country.

"Official Gazette" means the Federal Government Gazette or the Gazette of any State in the Federation;

"official market rate" means currency exchanged market approved by the Central Bank of Nigeria;

"operating lease" means an arrangement involving the transfer of the right to use an asset by the lessor in return for rental payments from lessee over an obligatory period but the asset is not wholly amortised during the period;

"owner" means in respect of any goods, aircraft, vessel, vehicle, plant or any other goods, a person, other than an officer acting officially or agent, who holds out himself to be the owner, or the person in possession of beneficial interest in, or having control of or power of disposition over the goods, aircraft, vessel, vehicle, plant or other goods;

“participation, directly or indirectly, in the management, control, or capital of the other person” means where a person either alone or together with an associate or associates under another application of this section controls either directly or through one or more interposed persons, 30% or more of the voting right, the right to dividends or income entitlements payable or the right to capital in another person;

"partnership" means an association, or a body of two or more persons who have agreed to combine their rights, powers, property, labour or

TheNigeriaLawyer

skill for the purpose of carrying on a trade or business and sharing the profit;

"permanent establishment" means taxable presence of a non-resident person, and shall include permanent establishment as defined in section 17 of this Act;

"permissible by-products" means goods or services described in a certificate issued under section 171 of this Act being goods or services necessarily or ordinarily produced in the course of producing a priority product;

"person" includes a company, partnership, community, family, individual, executor, trustee and legal arrangement;

"personal representatives" means the legal personal representatives of a deceased person;

"policy of insurance" means an instrument by which a contract of insurance is made or agreed to be made, or is evidenced, excluding cover notes, slips or other documents made in anticipation of the issue of an insurance policy, and documents embodying alterations of the terms or conditions of an insurance policy, and the expression "insurance" includes assurance;

"policy of life insurance" means a policy of insurance upon any life or lives or upon any event or contingency relating to or depending upon any life or lives;

"policy of insurance against personal injury" means a policy of insurance for any payment agreed to be made as compensation for personal injury, including policies of insurance or indemnity against liability incurred by employers in consequence of claims made upon them by workmen who have sustained personal injury;

"policy of marine insurance" means any formal contract whereby an insurer undertakes to indemnify an insured against losses incident to marine adventure, and includes any contract relating to insurance of a ship or the machinery or fittings belonging to the ship whilst under construction or repair or on trial;

"priority company" means a company issued an economic development incentive certificate;

"priority business" in relation to a priority company, means the production and sale of its relevant priority product or products;

"priority industry" means any trade or business of any kind specified in the Tenth Schedule to this Act;

TheNigeriaLawyer

"priority product" means goods or service of any kind specified in the Tenth Schedule to this Act;

"professional services" means services provided by an individual or a firm having specialised knowledge, skills, and qualifications in specific fields, including consulting, planning, or support services, excluding artisans or vocational services;

"public character" with respect to any organisation or institution means organisation or institution —

(a) that is registered in accordance with relevant law in Nigeria; and

(b) does not distribute or share its profit in any manner to members or promoters;

"public fund" means any fund set up by any Government or a governmental body in Nigeria to finance a specific service, project, or obligation of Government to the public;

"real estate investment company" means a company duly approved by the Securities and Exchange Commission to operate as a real estate investment scheme in Nigeria;

"receipt" includes a note, memorandum, writing or electronic inscription whereby money, a bill of exchange or promissory note for which money is acknowledged or expressed to have been received, deposited or paid, or whereby a debt or demand, or any part of a debt or demand is acknowledged to have been settled, satisfied or discharged, or which signifies or imports any such acknowledgement, and whether the same is or is not signed with the name of a person;

"regulated securities lending transaction" means any Tenth Schedule securities lending transaction conducted under rules made by the Securities and Exchange Commission;

"related parties" has the same meaning as connected persons, and unconnected, non-related or unrelated party shall be construed accordingly;

"relative" means brother, sister, ancestor or lineal descendant;

"relevant priority product" in relation to any priority company, means priority product and the permissible by-products specified in a priority certificate;

"relevant tax authority" is in accordance with the to this Act and section 3 of the Nigeria tax Administration Act, 2025;

TheNigeriaLawyer

"remainder of assessable income" means the total assessable income of an individual less the deductions under section 28(2) of this Act;

"remainder of assessable profit" means the total assessable profit of a company less the deductions under section 27(5) of this Act, in the case of a company;

"rent" means payments of any kind, received or receivable, paid or payable, for the use of, or the right to use property or equipment of any kind, and shall include remuneration for the use, letting, hire or use in any other form of movable or immovable property;

"resident" means resident person, individual or company;

"resident company" means a Nigerian company;

"resident individual" means an individual that, in any year of assessment —

(a) is domiciled in Nigeria;

(b) has a permanent place available for his domestic use in Nigeria;

(c) has place of habitual abode in Nigeria;

(d) has substantial economic and immediate family ties in Nigeria;

(e) sojourns in Nigeria for a period or periods amounting to an aggregate of not less than 183 days in a 12-month period inclusive of annual leave or temporary period of absence; or

(f) serves as a diplomat or diplomatic agent of Nigeria in another country;

“royalties” includes payments of any kind, received as a consideration for —

(a) the use of, or the right to use —

(i) any copyright (including the copyright of literary, artistic, scientific work, broadcasts, motion picture films and works on films, films or other means of image or sound transmission or reproduction for use in connection with radio or television broadcasting);

TheNigeriaLawyer

(ii) any patent, trademark, design or model, plan, or secret formula or process; or

(iii) industrial, commercial or scientific equipment; or

(b) information concerning industrial, commercial or scientific experience; or

(c) for the use of, or the right to use, any software, or paid as a consideration for the acquisition of any copy of software for the purposes of using it.

"Service" means the Nigeria Revenue Service established under Nigeria Revenue Service (Establishment) Act, 2025;

"services" for the purposes of Part IV of Chapter Eight of this Act, means —

(a) anything, other than goods, or services provided under a contract of employment; and

(b) includes any intangible or incorporeal (product, asset or property) over which a person has ownership or rights, or from which he derives benefits, and which can be transferred from one person to another;

"small company" means a company that earns gross turnover of N50,000,000 or less per annum with total fixed assets not exceeding N250,000,000, provided that any business providing professional services shall not be classified as a small company;

"supplies" means any transaction, whether it is the sale of goods or the performance of a service for a consideration;

"supply of goods" means any transaction where the property in the goods is transferred or where the agreement expressly contemplates that this will happen and in particular includes the sale and delivery of taxable goods, the letting out of taxable goods on hire or leasing, and any disposal of taxable goods;

"supply of services" means any service provided for a consideration;

"tax" means any imposition, duty, levy, royalty or revenue accruing to government in full or in Part under this Actor any other law;

"tax ID" is as provided for under Nigeria Tax Administration Act, 2025;

TheNigeriaLawyer

"taxable person" includes a company, individual or body of individuals, family, community, corporations sole, trustee, executor or any other legal arrangement, or any person who earns income, or carries out an economic activity, a person exploiting tangible or intangible property for the purpose of obtaining income therefrom by way of trade or business, or any person or agency of government acting in that capacity;

"taxable supplies" means any transaction for sale of goods or the performances of a service, for a consideration;

"trade or business" means any activity or venture from which income is generated, for whatever scale or period it is carried on, but does not include employment;

"transaction at arm's length" means a transaction on normal open market commercial terms;

"vehicle" includes for the purpose of this Act every description of conveyance for the transportation by land of human beings or goods;

"venture capitalist" is as defined in the Nigeria Startup Act No. 32, 2022;

"vessel" means a mode of transportation or conveyance by water, of human beings or goods; and

"year of assessment" means government tax year being 1st of January to 31 of December of any year.

203. This Act may be cited as the Nigeria Tax Act, 2025. Citation

TheNigeriaLawyer

SCHEDULES

First Schedule

Sections 18(4)(b), 27(1), (2), 28(2)(b)(iii), 39(a), (b), 41(1)(b), 43(1)(b), (2), 68(1)(d), 71(1)(a), (c), (4), 74, 81(2)(a), (b), 92(1)(i), 95(1)(j), 98(2), (4)(b), (5)(b), (6), 182(2), 190(1)(a)(iv), (b)(ii) and (c)(i)

CAPITAL ALLOWANCE

PART I — CAPITAL ALLOWANCE FOR COMPANIES UNDER CHAPTER TWO OF THIS ACT

Interpretation

1. For the purposes of this Part —

"acquisition cost" includes all cost incurred in bringing an asset to its first use;

"basis period" for an allowance means the basis period for assessable profit or income, provided that in the case of a trade or business —

(a) where there is an interval between the end of the basis period for one year of assessment and the basis period for the next year of assessment, then the interval shall be part of the second basis period; or

(b) where there is an interval between the end of the basis period for the year of assessment preceding that in which the trade or business permanently ceases to be carried on by a company or an individual and the basis period for the year in which it ceases, the interval shall form part of the first basis period;

"concession" includes any right or lease in connection with exploration or exploitation of any mineral deposit of a wasting nature;

"lease" includes an agreement for a lease where the term to be covered by the lease has begun, any tenancy and any agreement for the letting or hiring out of an asset, but does not include a mortgage, and the expression "leasehold interest" shall be construed accordingly and —

(a) where, with the consent of the lessor, a lessee of an asset remains in possession thereof after the termination of the lease without a new lease being granted to him, that lease shall be deemed for the purposes of this Part to continue so long as he remains in possession as aforesaid; and

TheNigeriaLawyer

(b) where, on the termination of a lease of an asset, a new lease of that asset is granted to the lessee, the provisions of this Part shall have the effect as if the second lease were a continuation of the first lease;

"mining operation" means the process of extracting valuable minerals, metals, ores, or other geological materials of a wasting nature from the earth's surface or beneath the ground and includes coal mines, metal mines, gemstone mines, salt mines, uranium mines, quarry mines, open pit mines, underground mines, subsea mines, placer mines, solution mines;

"qualifying capital expenditure" means, subject to the express provisions of this Part, expenditure incurred in a basis period for the acquisition, refurbishment and improvement of the value of the asset which is —

(a) capital expenditure (qualifying plant and equipment expenditure), incurred on—

(i) plant,

(ii) machinery,

(iii) manufacturing Industrial plant,

(iv) construction plant,

including plant, machinery and equipment in use in agricultural trade or business;

(b) capital expenditure (qualifying building expenditure) incurred on the construction of buildings, structures or works of a permanent nature, other than expenditure which is included in subparagraphs (a) (c) or (d) of this definition;

(c) capital expenditure (qualifying mast expenditure) incurred on tall upright pole erected on, or fastened to land or other structure;

(d) capital expenditure (qualifying mining expenditure), other than expenditure which is included in subparagraph (a) of this definition, incurred in connection with, or in preparation for, the working of a mine or other source of mineral deposits of a wasting nature, on the —

(i) acquisition of deposits, or rights in or over the deposits, or on the purchase of information relating to the existence and extent of the deposit,

(ii) searching for or discovering and testing deposits, or winning access thereto, or

TheNigeriaLawyer

(iii) construction of any work or building which is likely to be of little or no value when the source is no longer worked or, where the source is worked under a concession, which is likely to become valueless when the concession comes to an end to the person working the source immediately before the concession comes to an end;

(e) capital expenditure (qualifying agriculture expenditure) incurred—

(i) in connection with a plantation, on the clearing of land for planting, planting other than replanting, maintenance of the plantation and other pre-production expenses in connection with that plantation shall be qualifying agriculture expenditure, incurred on the first day on which the trade or business commences,

(ii) in respect of ranching on —

(1) structures used primarily for ranching,

(2) raising herds of animals for the purpose of breeding, and does not include raising of animals for the purpose of sale,

(3) animals that function as apparatus with which a trade is carried on and the life expectancy is more than 5 years;

(f) capital expenditure (qualifying intangible assets expenditure), incurred in respect of research and development of—

(i) equipment and facilities, patents, licences, secret formulas or process,

(ii) information concerning the development of industrial, commercial or scientific process, technical feasibility or products or processes, or

(iii)the discovery and testing of products or processes for future market use and such other similar costs which has brought into existence an asset;

(g) capital expenditure (qualifying motor vehicle expenditure), incurred on—

(i) a fleet of buses of not less than three used for public transportation,

(ii) public transportation inter-city new mass transit coach of twenty-five seats and above operated by a private establishment, or

TheNigeriaLawyer

(iii) other motor vehicles;

(h) capital expenditure (qualifying heavy transportation expenditure), incurred on —

(i) aircraft engine and fuselages,

(ii) pipeline and cables,

(iii) vessels,

(iv) ships engine, or

(v) train engine, railway carriages or train tracks and coaches;

(i) capital expenditure (qualifying software expenditure) incurred on the acquisition of software or other such capital outlays on electronic applications;

(j) capital expenditure (qualifying furniture and fittings expenditure), incurred on furniture and fittings including those used in vessels, ships, aircrafts, trains, plants, and buildings for the purposes of trade or business;

"trade or business" under this Part, means trade or business or that part of a trade or business, the profits of which are assessable under this Act.

Application of capital allowance to assets acquired under hire-purchase or finance lease agreement

2. This Part shall apply in relation to any asset acquired by any hirer or lessee under a hire-purchase or finance lease agreement subject to the following modifications —

(a) the qualifying capital expenditure in any basis period shall, in relation to any asset so acquired under that agreement, be limited to the amount of the instalments paid by the hirer or lessee up to that basis period, excluding any interest paid under the agreement;

(b) the "owner" of the asset shall be construed to be the hirer or lessee under the hire-purchase or finance lease agreement; and

(c) the person letting the asset to the hirer or lessee under the agreement shall not be entitled to an allowance under sections 27 and 28 of this Act.

Provisions relating to mining expenditure

3. Under this Part, qualifying mining expenditure in respect of mining operation is the amount incurred for the purchase of information relating to the existence and extent of mineral deposits, searching for or discovering and testing deposits, or winning access in a relevant basis period notwithstanding that the expenditure has not brought into existence an asset, provided that the mining operations consist of the working of a mine.

TheNigeriaLawyer

Relevant Interest

4. (1) Under this Part, where an asset consists of a building, structure or works, the owner shall be taken to be the owner of the relevant interest in the building, structure or works.

(2) The expression "relevant interest" under this Part means, in relation to an expenditure incurred on the construction of a building, structure or works, the interest in that building, structure or works which the person who incurred the expenditure was entitled.

(3) Where qualifying building or mining expenditure on the construction of a building, structure or works has been incurred, the owner is entitled to two or more interests therein, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purposes of this Part.

Qualifying building expenditure

5. Under this Schedule, "qualifying building expenditure" means expenditure incurred on the construction of buildings, structures or works of a permanent nature, in regular use for the purpose of trade or business and includes a building, structure or works used —

(a) as a mill, factory, warehouse, workshop, or other similar building;

(b) as a structure used in connection with any such buildings;

(c) as a housing estate;

(d) as a dock, port, wharf, pier, jetty or other similar building structure;

(e) for the operation of a railway, or for the supply of water or electricity; and

(f) for the running of a plantation or for the working of a mine or other source of mineral deposits of a wasting nature

Capital allowance

6. Where in a basis period for a year of assessment, a person has incurred qualifying expenditure wholly and exclusively for the purposes of its trade or business, there shall be made to the person for each year of assessment in the basis period for which that asset was used for the purposes of that trade or business, an allowance (capital allowance) at the rate specified in Table I of this Part:

Provided that —

(a) there shall be recorded in the capital allowance computation schedule for statistical purposes 1% of qualifying capital expenditure until the asset is

TheNigeriaLawyer

disposed which being a notional amount, shall not increase or reduce the amount of capital allowance claimable; and

(b) where the basis period for any year of assessment is a period of less than one year, the allowance for that year of assessment shall be granted proportionately.

Asset to be in use at end of basis period

7. A capital allowance in respect of qualifying expenditure incurred in respect of an asset shall be made to a person for a year of assessment if at the end of a basis period, the person —

(a) is the owner of the asset; and

(b) used the asset for the purposes of its trade or business.

Residue

8. (1) The residue of a qualifying expenditure, in respect of an asset, at any date, is the total qualifying expenditure incurred on or before the date, in respect of that asset, less the total of capital allowance made, in respect of that asset, before that date.

(2) For the purpose of this paragraph, capital allowance shall only be made for an asset that is in use for the purpose of the trade or business at the end of the basis period of the year of assessment.

Disposal under qualifying expenditure

9. In this Part —

(a) a building, structure or works of a permanent nature is disposed where the —

(i) relevant interest therein is sold,

(ii) interest, being an interest depending on the duration of a concession comes to an end, on the coming to an end of that concession,

(iii) leasehold interest terminates without the person who holds it acquiring the reversionary interest, which is the right of the owner of the underlying title to possess the land when the leasehold scheme expires, or

(iv) building, structure or works of a permanent nature is demolished or destroyed or without being demolished or destroyed, ceases to be used for the purposes of a trade or business carried on by the owner;

TheNigeriaLawyer

(b) plant, machinery or fixture is disposed, if it is sold, discarded or ceases to be used for the purposes of a trade or business carried on by the owner; and

(c) an asset in respect of which qualifying mining expenditure is incurred is disposed, if it is sold or ceases to be used for the purposes of the mining operation of the person.

Value of an asset

10. (1) The value of an asset at the date of its disposal shall be the proceeds of the sale of the asset or the relevant interest, or if it was disposed without being sold, the amount which, in the opinion of the relevant tax authority, the asset or the relevant interest may realise in the open market at that date.

(2) For the purpose of this paragraph, where an asset is disposed in such circumstances that insurance or compensation monies are received by the owner, the asset or the relevant interest, shall be treated as having been sold, and as if the net proceeds of the insurance or compensation monies were the net proceeds of the sale.

(3) Subparagraph (2) shall not apply where the compensation monies received by the owner is used for the replacement of the asset lost or destroyed, and the allowances to be granted under this Schedule, in respect of the new asset, shall where the compensation received together with the residual or scrap value of the old asset, where applicable, is —

(a) greater than the cost of the new asset acquired, be limited to the residue of the old asset; and

(b) lower than the cost of the new asset, be —

(i) the amount claimable in respect of the residue of the old asset, and

(ii) full allowance in respect of the additional asset acquired, being the amount with which the cost of that new asset acquired exceeds the compensation together with the residual or scrap value.

(4) Where the relevant interest in an asset is disposed not by way of bargain made at arm's length or where the sale is between connected persons, the value of the asset shall be determined by reference to the arm's length price of the asset.

Apportionment

11. (1) Where a qualifying asset is disposed, sold, or purchased together with a non-qualifying asset, the proportion of the value of the asset, on a just apportionment, attributable to the qualifying asset shall, for the purposes of this Part, be the value of or the price paid for the asset.

TheNigeriaLawyer

(2) For the purposes of subparagraph (1), assets purchased or disposed in one bargain shall be deemed to be purchased or disposed together, notwithstanding that separate prices are or purport to be agreed for each of the assets, or that there are or purport to be separate purchases or disposals of the assets.

(3) The provisions of subparagraph (1) shall apply, with any necessary modifications, to the sale or purchase of the relevant interest in an asset together with any other asset or relevant interest in any other asset.

Reference to asset to include part of an asset

12. Any reference in this Part to an asset shall be construed, whenever necessary, to include reference to a part of an asset or an undivided part of the asset in the case of joint interests, and when so construed, any necessary apportionment shall be made as may, in the opinion of the relevant tax authority, be just and reasonable.

Extension of application of "in use"

13. (1) For the purpose of this Part, an asset shall be deemed to be in use during a period of temporary disuse.

(2) For the purpose of paragraphs 6 and 7 of this Part where an asset acquired for the purposes of a trade of business has not been used for the trade or business carried on by the owner, the asset shall be deemed to be in use, for the purposes of that trade or business on the date on which the expenditure was incurred, provided that where an allowance has been made in consequence of this subparagraph and the first use to which the asset is put is not for the trade or business, additional assessments shall be made to counteract the benefit obtained from the giving of the allowance.

(3) The approval of the relevant tax authority shall be obtained for the purpose of subparagraph (2).

Exclusion of certain expenditure

14. Under this Part, the following shall not be treated as qualifying expenditure —

(a) expenditure allowed for deduction under section 20 of this Act; and

(b) excess amount incurred on assets acquired in foreign currency and paid for with foreign currency obtained from the unofficial foreign exchange market at a rate above the prevailing official market rate on the date of the acquisition.

Application to leases

15. (1) Where in a basis period, the owner of an asset leases the asset to another person under an operating lease, the provisions of this Part shall apply, as though such

TheNigeriaLawyer

expenditure were incurred for the purpose of a trade or business carried on by the owner or lessor.

(2) Where an asset is acquired for use by a hirer or lessee under a hire purchase or finance lease contract for the purpose of a trade or business carried on by such hirer or lessee, the hirer or lessee shall be deemed to be the owner of the asset and the provisions of this Part shall apply to the hirer or lessee, to the exclusion of the hiree or lessor under the contract.

(3) For the purposes of this paragraph in relation to the trade or business, the basis period for any year of assessment shall be taken to be the year immediately preceding that year of assessment.

Asset used or expenditure incurred partly for the purposes of a trade or business

16. (1) Where the owner of an asset partly uses the asset for a trade or business, the allowance computed in accordance with the provisions of this Part, shall, as may be reasonable, be apportioned to the trade or business.

(2) Where the relevant tax authority is of the opinion that the basis of apportionment is not just and reasonable, having regard to all the circumstances and to the provisions of this Part of this Schedule, the relevant tax authority shall make necessary adjustments as may be deemed fit.

Disposal without change of ownership

17. Where an asset in respect of which qualifying expenditure has been incurred is disposed in such circumstances that the owner retains ownership, for the purposes of determining the amount of capital allowance, the owner shall be deemed to have bought the asset immediately after the disposal for a price equal to the residue of the qualifying expenditure at the date of the disposal.

Application of this schedule to professions and vocations

18. In this Part of this Schedule, references to a trade or business include references to a profession or vocation.

Partnerships

19. (1) Where a trade or business is carried on by persons in a partnership, the trade or business of the partnership is treated as a single enterprise and any allowance that applies to the individual partners are computed as if the single enterprise conducted all the trade or business activities performed by the individual partners involved in that trade or business during the period.

(2) Where a partner joins or leaves the partnership during a basis period, it shall be treated as if the business ceased at that time and recommenced immediately thereafter, and the provisions of paragraph (17) of this Part shall apply in respect of the assets transferred to the new business.

TheNigeriaLawyer

(3) Capital allowances related to assets shall be apportioned among the partners in their profit-sharing ratio at the end of the basis period.

(4) Where capital allowance is required to be recomputed as a result of the application of subparagraph (2), all such additional assessments or repayments of tax shall be made as may be necessary to give effect to the provisions of this paragraph.

(5) Where the application of this paragraph is inconsistent with any of the provisions of the other paragraphs of this Part, the provisions shall apply with such modifications as the relevant tax authority may consider necessary and prescribe rules embodying those modifications.

Allowance made

20. Any reference in this Part to an allowance made includes a reference to an allowance which would have been made but for an insufficiency of assessable profit or income against which to make it.

Claims for allowance

21. (1) An allowance shall not be made to a person for a year of assessment unless it is claimed by the person for that year or where the relevant tax authority is of the opinion that it would be just to the taxpayer and reasonable to do so.

(2) Where an allowance is not claimed in the year of assessment in the basis period for which that asset was used for the purposes of that trade or business, it shall be carried forward to subsequent period.

Manner of making allowance

22. (1) An allowance to be made to a person under the provisions of this Part shall be subtracted from the remainder of the assessable profits or income for the relevant year of assessment.

(2) For the purpose of this paragraph, the remainder of the assessable profits or income of a person for a year of assessment shall be determined by giving full effect to the provisions of section 27 of this Act in the case of a company, and section 28 of this Act in the case of an individual, as it relates to the deduction of a loss.

(3) Where a deduction under subparagraph (2) cannot be fully made for a year of assessment due to no remainder or insufficient remainder of assessable profit or income, the deduction, or the part not yet made, shall be treated as a deduction for the next year, and for succeeding years until fully utilised.

TheNigeriaLawyer

Table I

Capital Allowance

Class	Rate	Qualifying Capital Expenditure
1	**10%**	(i) Building Expenditure (ii) Agricultural Expenditure (iii) Mast Expenditure (iv) Intangible assets Expenditure (v) Heavy Transportation Expenditure
2	**20%**	(i) Plant Expenditure (ii) Agricultural Equipment Expenditure (iii) Furniture and Fittings Expenditure (iv) Mining Expenditure (v) Other Equipment Expenditure
3	**25%**	(i) Motor Vehicle Expenditure (ii) Software Expenditure (iii) Other Capital Expenditure

Transitional rules for capital allowances

23. (1) Where a capital allowance has been granted in respect of an asset before the commencement of this Act, the remaining basis periods in which allowance may be made under this Part, shall be the number of years of assessment for which allowance is to be made under this Part less the number of years of assessment for which allowance has previously been made.

(2) Where capital allowances were granted, in respect of an asset before the commencement of this Act, for years of assessment equal to or greater than the number of years allowable under this Act, a single allowance shall be granted for the residue upon the commencement of this Act provided that there shall be recorded in the capital allowance computation schedule for statistical purposes, 1% of the qualifying capital expenditure until the asset is disposed which being a notional amount shall not increase or reduce the amount of capital allowance claimable under this Act.

(3) In respect of qualifying capital expenditure on which capital allowance has been fully granted before the coming into effect of this Act, capital allowance shall not be granted under this Act on the amount required to be retained in the books under the repealed enactment.

TheNigeriaLawyer

PART II — CAPITAL ALLOWANCE FOR UPSTREAM PETROLEUM OPERATIONS UNDER THE PETROLEUM INDUSTRY ACT

Interpretation

1. (1) For the purpose of this Part—

(a) "concession" includes a petroleum exploration licence, petroleum prospecting licence, petroleum mining lease, any right, title or interest in or to petroleum in the ground and any option of acquiring any such right, title or interest;

(b) "lease" includes an agreement for a lease where the term to be covered by the lease has begun, any tenancy and any agreement for the letting or hiring out of an asset, but does not include a mortgage, and all cognate expressions, including "Leasehold Interest", shall be construed accordingly and where —

(i) with the consent of the lessor, a lessee of any asset remains in possession after the termination of the lease without a new lease being granted, that lease shall be deemed for the purpose of this Part to continue so long as the lessee remains in possession, and

(ii) on the termination of a lease of any asset, a new lease of that asset is granted to the lessee, the provisions of this Part shall have effect as if the second lease were a continuation of the first lease;

(c) "qualifying expenditure" means, expenditure incurred for the purpose of hydrocarbon tax in an accounting period, which is capital expenditure, referred to as —

(i) "qualifying plant expenditure" incurred on plant, machinery and fixtures directly for upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences,

(ii) "qualifying pipeline and storage expenditure" including floating production systems incurred directly or gathering pipelines for upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences,

(iii) "qualifying building expenditure" other than expenditure, which is included in subparagraph (c)(i), (ii) or (iv), incurred directly on the construction of buildings, structures or works of a permanent nature for upstream petroleum operations applicable to crude oil for petroleum mining leases or petroleum prospecting licences, or

(iv) "qualifying drilling expenditure", tangible and intangible, other than expenditure which is included in subparagraph (1)(c)(i) or (ii),

TheNigeriaLawyer

incurred directly in connection with upstream petroleum operations for petroleum mining leases or petroleum prospecting licences, in view of searching for or discovering and testing petroleum deposits, or winning access, or the construction of any works or buildings which are likely to be of little or no value when the upstream petroleum operations for which they were constructed ceased:

Provided that qualifying expenditure shall not include any sum which may be deducted under section 68 of this Act or have benefited from capital allowance under any other provisions of this Act or prior to the acquisition of the asset by another entity;

(2) Where the asset referred to in subparagraph (d) has been disposed by the company before the beginning of its first accounting period, any loss incurred by the company on the disposal of such asset shall not allowed on commencement of its accounting period and any profit realised by the company on such disposal shall be liable to income tax in its first accounting period

Provisions relating to pre-production expenditure

2. For the purpose of this Part, where—

(a) expenditure has been incurred before the first accounting period and the expenditure would have been treated as a qualifying expenditure in any of the classes of qualifying expenditures stated in subparagraph (1)(c), then it shall be so classified; and

(b) the expenditure before the first accounting date ought to have been treated as allowable deduction in an accounting period, it shall be allowed but fully amortised over a period of five years.

Relevant interest

3. (1) Under this Part, where an asset consists of a building, structure or works, the owner shall be taken to be the owner of the relevant interest in such building, structure or works.

(2) The relevant interest under this Part means, in relation to any expenditure incurred on the construction of a building, structure or works, the interest in such building, structure or works to which the company which incurred the expenditure was entitled.

(3) Where a company incurs qualifying building expenditure or qualifying drilling expenditure on the construction of a building, structure or works, the company is entitled to two or more interests, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purpose of this Part.

(4) Where the owner of the relevant interest is not the licensee or lessee, the qualifying capital expenditure and the capital allowance accruing therefrom shall be to the

TheNigeriaLawyer

benefit of the holder of the licence or lease.

Capital Allowance

4. (1) Where in any accounting period, a company has incurred qualifying expenditure wholly and exclusively for the purpose of upstream petroleum operations applicable to crude oil carried on by it, there shall be due to that company as from the accounting period in which the expenditure was incurred, an allowance at the appropriate rate specified in the table to this Part.

(2) Notwithstanding the provisions of subparagraph (1), there shall be recorded in the capital allowance computation schedule for statistical purposes until the asset is disposed, 1% of the qualifying capital expenditure, which being a notional amount, shall not increase or reduce the amount of capital allowance claimable under this Part.

(3) Any asset or Part of it in respect of which capital allowance has been granted, shall not be disposed, except on the authority of a certificate of disposal issued by the Commission.

Asset to be in use

5. Subject to paragraph 15 of this Part, a capital allowance in respect of qualifying expenditure incurred on an asset shall be due to a company for any accounting period if at the end of the accounting period it was the owner of that asset and the asset was in use for the purpose of the upstream petroleum operations applicable to crude oil carried on by it.

Residue

6. The residue of a qualifying expenditure, in respect of an asset, at any date, is the total qualifying expenditure incurred on or before the date, by the owner, in respect of that asset, less the total of any capital allowance made, in respect of that asset, before that date.

Disposal of qualifying capital expenditure

7. Under this Part—

(a) a building, structure or works of a permanent nature is disposed where any of the following events occur —

(i) the relevant interest is sold,

(ii) that interest, being an interest depending on the duration of a concession, comes to an end at the end of that concession,

(iii) that interest, being a leasehold interest, comes to an end and the possession of the building, structure or works of a permanent nature reverts to the holder of the reversionary interest, or

TheNigeriaLawyer

(iv) the building, structure or works of a permanent nature are demolished, destroyed or, without being demolished or destroyed, cease to be used for the purpose of upstream petroleum operations applicable to crude oil carried on by the owner;

(b) plant, machinery or fixtures are disposed if they are sold, discarded or cease to be used for the purposes of upstream petroleum operations applicable to crude oil carried on by the owner; and

(c) assets in respect of which qualifying drilling expenditure is incurred are disposed if they are sold or cease to be used for the purpose of the upstream petroleum operations applicable to crude oil of the company incurring the expenditure, either on the company ceasing to carry on the operations, or on such company receiving insurance or compensation money therefrom.

Value of an asset or interest in a petroleum prospecting licence or petroleum mining lease

8. (1) The value of an asset or interest in a petroleum prospecting licence or petroleum mining lease at the date of its disposal shall be the net proceeds of the sale of the asset or of the relevant interest, or, where it was disposed without being sold, the amount which, in the opinion of the Service, the asset or the relevant interest may realise in the open market at that date, less the amount of expenses which the owner might reasonably be expected to incur if the asset were so sold.

(2) For the purpose of this paragraph, where an asset is disposed of in the circumstances that insurance or compensation money are received by the owner, the asset or the relevant interest shall be treated as having been sold and as if the net proceeds of the insurance or compensation money were the net proceeds of the sale.

(3) Subparagraph (2) shall not apply where the compensation monies received by the owner is used for the replacement of the asset lost or destroyed, and the allowance to be granted under this Part, in respect of the new asset, shall where the compensation received together with the residual or scrap value of the old asset, where applicable, is —

(a) greater than the cost of the new asset acquired, be limited to the residue of the old asset; and

(b) lower than the cost of the new asset, be —

(i) the amount claimable in respect of the residue of the old asset, and

(ii) full allowance in respect of the additional asset acquired, being the amount with which the cost of that new asset acquired exceeds the compensation together with the residual or scrap value.

Part of an asset

9. Any reference in this Part to any asset shall be construed whenever necessary, to include

TheNigeriaLawyer

a reference to a part of an asset or an undivided part of the asset in the case of joint interests, and when so construed, any necessary apportionment shall be made in a manner, which in the opinion of the Service, is just and reasonable.

Apportionment

10. (1) Any reference in this Part to the disposal, sale or purchase of any asset or interest includes a reference to the disposal, sale or purchase of that asset, together with any associated asset, whether or not qualifying expenditure has been incurred on such associated asset.

(2) Where an asset is disposed, sold, or purchased together with another asset, the proportion of the value of the assets, on a just apportionment, attributable to the first mentioned asset shall, for the purposes of this Part, be the value of, or the price paid for the assets.

(3) For the purpose of subparagraph (2), assets or interest purchased or disposed in one bargain shall be deemed to be purchased or disposed together, notwithstanding that separate prices are or purport to be agreed for each of the assets, or that there are or purport to be separate purchases or disposals of the assets.

(4) The provisions of subparagraph (2) shall apply, with modifications, to the sale or purchase of the relevant interest in any asset together with any other asset or relevant interest in that other asset provided that the provisions for apportionment in this paragraph shall not apply in the sale or disposal of concessions or interest in a part of the asset.

Exclusion of certain expenditure

11. Where any company has incurred expenditure which is allowed to be deducted under any provision of this Act, other than a provision of this Part, such expenditure shall not be treated as qualifying expenditure.

Asset used or expenditure incurred partly for the purpose of petroleum operations

12. (1) The following provisions of this paragraph shall apply where either or both of the following conditions apply with respect to any asset, the—

(a) owner of the asset has incurred in respect of the asset a qualifying expenditure partly for the purpose of upstream petroleum operations applicable to crude oil carried on by him and partly for other purposes; or

(b) asset in respect of which the owner has incurred qualifying expenditure is used partly for the purpose of upstream petroleum operations applicable to crude oil carried on by such owner and partly for other purposes.

(2) Any allowance which would be due if both expenditures were incurred wholly and exclusively for the purposes of the upstream petroleum operations applicable to crude oil and if the asset were used wholly and exclusively for the purposes of such operations, shall be computed in accordance with the provisions of this Part.

TheNigeriaLawyer

(3) The allowances computed in accordance with subparagraph (2) shall be treated, as in the opinion of the Service is, just and reasonable having regard to all circumstances and to the provisions of this Part.

Disposal without change of ownership

13. (1) Where an asset in respect of which qualifying expenditure has been incurred is disposed in such circumstances that the owner retains the ownership, for the purposes of determining the amount of capital allowance, the owner shall be deemed to have bought the asset immediately after the disposal for a price equal to the residue of the qualifying expenditure at the date of the disposal.

(2) Capital allowance shall be for the computation of hydrocarbon tax and not for cost recovery purposes in production sharing contracts, which shall have their own provisions under the model contract.

Capital allowance rates

14. (1) Qualifying expenditure shall be subject to the rates below—

Qualifying Capital Expenditure	**1st**	**2nd**	**3rd**	**4th**	**5th**
Qualifying Plant Expenditure	20%	20%	20%	20%	20%
Qualifying Pipeline Expenditure	20%	20%	20%	20%	20%
Qualifying Building Expenditure	20%	20%	20%	20%	20%
Qualifying Drilling Expenditure	20%	20%	20%	20%	20%

(2) Exploration expenditure and the first two appraisal wells expenditure in the same field are to be treated as deductible costs 100% in the year incurred, while for additional exploration expenditures and appraisal expenditures in the same field relating to pre-production period are to be amortised and deducted on commencement of accounting period at a capital allowance of 20% per annum.

Extension of application of "in use"

15. (1) For the purpose of this Part, an asset shall be deemed to be in use during a period of temporary disuse.

(2) For the purpose of paragraphs 4 and 5 of this Part, where an asset acquired for the purpose of petroleum operations has not been used for the petroleum operations carried on by the owner, the asset shall be deemed to be in use for the purposes of that petroleum operations on the date on which such expenditure was incurred, provided that where an allowance has been given in consequence of this subparagraph and the first use to which the asset is put is not for the petroleum operations, or it is not put to use within five years from the date the expenditure

TheNigeriaLawyer

was incurred, capital allowance claimed on such assets shall be withdrawn and the amount assessed to tax.

PART III — CAPITAL ALLOWANCE FOR PETROLEUM OPERATIONS UNDER PETROLEUM PROFITS TAX AND DEEP OFFSHORE AND INLAND BASIN PRODUCTION SHARING CONTRACTS

Interpretation

1. (1) For the purposes of this Part—

"concession" includes an oil exploration licence, an oil prospecting licence, an oil mining lease, any right, title or interest in or to petroleum oil in the ground and any option of acquiring any such right, title or interest;

"lease" includes an agreement for a lease where the term to be covered by the lease has begun, any tenancy and any agreement for the letting or hiring out of an asset, but does not include a mortgage, and all cognate expressions, including "leasehold interest", shall be construed accordingly and —

(a) where, with the consent of the lessor, a lessee of any asset remains in possession thereof after the termination of the lease without a new lease being granted to him, that lease shall be deemed for the purposes of this Part to continue so long as he remains in possession as aforesaid; and

(b) where, on the termination of a lease of any asset, a new lease of that asset is granted to the lessee, the provisions of this Part shall have effect as if the second lease were a continuation of the first lease.

"qualifying expenditure" means, expenditure incurred in an accounting period which is —

(a) capital expenditure (qualifying plant expenditure) incurred on plant, machinery or fixtures;

(b) capital expenditure (qualifying pipeline and storage expenditure) incurred on pipelines and storage tanks;

(c) capital expenditure (qualifying building expenditure), other than expenditure which is included in paragraphs (a), (b) or (d), incurred on the construction of buildings, structures or works of a permanent nature; or

(d) capital expenditure (qualifying drilling expenditure) other than expenditure which is included in paragraph (a), (b) or (c), incurred in connection with, or with petroleum operations in view of —

TheNigeriaLawyer

(i) the acquisition of petroleum deposits, or rights in or over the petroleum deposits,

(ii) searching for or discovering and testing petroleum deposits, or winning access thereto, or

(iii) the construction of any works or buildings which are likely to be of little or no value when the petroleum operations for which they were constructed cease to be carried on:

Provided that, for the purposes of this definition qualifying expenditure shall not include any sum which may be deducted under the provisions of section 92 of this Act.

(2) For the purposes of this paragraph—

(a) expenditure incurred by a company before its first accounting period, ascertained without the qualification contained in the subparagraph (1)(d) shall be deemed to be qualifying expenditure incurred by it on the first day of its first accounting period; and

(b) where the asset referred to in subparagraph (a) has been disposed by the company before the beginning of its first accounting period, any loss incurred by the company on the disposal of such asset shall be deemed to be qualifying petroleum expenditure incurred by the company on that day and be deemed to have brought into existence an asset owned by the company, in use for the purposes of its petroleum operations, and any profit realised by the company on such disposal shall be treated as income of the company under section 90(1)(d) of this Act in its first accounting period.

Provisions relating to qualifying petroleum expenditure

2. (1) For the purposes of this Part where—

(a) a company has incurred expenditure before its first accounting period and the expenditure would have been treated as such qualifying petroleum expenditure, ascertained without the qualification contained in subparagraph (1)(d) of paragraph 1, if it had been incurred in the first accounting period; and

(b) such expenditure has not brought into existence an asset

such expenditure, ascertained in the case of subparagraph (1)(a) without such qualification, shall be deemed to have brought into existence an asset owned by the company incurring the expenditure and in use for the purposes of such petroleum operations.

(2) For the purposes of this Part, an asset in respect of which qualifying drilling expenditure has been incurred by a company for the purposes of petroleum operations carried on by it during any accounting period of the company, and which

TheNigeriaLawyer

has not been disposed, shall be deemed not to cease to be used for the purposes of such operations where such company continues to carry on such operations.

Relevant interest

3. (1) Under this Part, where an asset consists of a building, structure or works, the owner shall be taken to be the owner of the relevant interest in such building, structure or works.

(2) The relevant interest" under this Part, means, in relation to any expenditure incurred on the construction of a building, structure or works, the interest in such building, structure or works to which the company which incurred such expenditure was entitled.

(3) Where, a company incurs qualifying building expenditure or qualifying drilling expenditure on the construction of a building, structure or works, the company is entitled to two or more interests, and one of those interests is an interest which is reversionary on all the others, that interest shall be the relevant interest for the purposes of this Part.

Petroleum investment allowance

4. (1) For the purposes of Part III of chapter three of this Act and subject to the provisions of this Part, where a company has incurred any qualifying capital expenditure wholly and exclusively for the purposes of petroleum operations carried on by it, there shall be due to that company, for the accounting period in which that asset was first used for the purposes of such operations, an allowance, in this Part called "Petroleum Investment Allowance", at the appropriate rate set forth in Table I of this Part.

(2) For the purpose of Part III of Chapter Three of this Act, the Petroleum Investment Allowance shall be added to the capital allowance computed under paragraph 5 of this Part and shall be subject to the same rules under Part III of Chapter Three of this Act.

Capital Allowance

5. (1) Where in any accounting period, a company owning an asset has incurred qualifying expenditure wholly and exclusively for the purposes of petroleum operations carried on by it, there shall be due to the company as from the accounting period in which such expenditure was incurred, an allowance at the appropriate rate specified in Table II of this Part.

(2) Notwithstanding the provisions of subparagraph (1), there shall be recorded in the capital allowance computation schedule for statistical purposes until the asset is disposed, 1% of the qualifying capital expenditure, which being a notional amount, shall not increase or reduce the amount of capital allowance claimable under this Part.

TheNigeriaLawyer

(3) Any asset or part thereof in respect of which capital allowance have been granted shall not be disposed except on the authority of a Certificate of Disposal issued by the Commission.

Asset to be in use at end of accounting period

6. A capital allowance in respect of qualifying expenditure incurred on an asset shall be due to a company for any accounting period if at the end of the accounting period it was the owner of that asset and the asset was in use for the purposes of the petroleum operations carried on by it.

Residue

7. The residue of qualifying expenditure, in respect of an asset, at any date, is the total qualifying expenditure incurred on or before that date, in respect of the asset, less the total of any capital allowance made, in respect of that asset, before that date.

Disposal of qualifying expenditure

8. In this Part —

(a) a building, structure or works of a permanent nature is disposed where —

(i) the relevant interest therein is sold; or

(ii) that interest, being an interest depending on the duration of a concession comes to an end, on the coming to an end of that concession; or

(iii) that leasehold interest terminates without the person who holds it acquiring the reversionary interest, which is the right of the owner of the underlying title to possess the land when the leasehold scheme expires; or

(iv) the building, structure or works of a permanent nature are demolished or destroyed or, without being demolished or destroyed, cease to be used for the purposes of petroleum operations carried on by the owner.

(b) plant, machinery or fixtures are disposed if sold, discarded or cease to be used for the purposes of petroleum operations carried on by the owner; and

(c) assets in respect of which qualifying drilling expenditure is incurred are disposed if they are sold or cease to be used for the petroleum operations of the company incurring the expenditure either on such company ceasing to carry on all such operations or on such company receiving insurance or compensation monies therefrom.

Value of an asset

9. (1) The value of an asset at the date of its disposal shall be the net proceeds of the sale thereof or of the relevant interest, or, if it was disposed without being sold, the amount which, in the opinion of the Service, such asset or the relevant interest may

TheNigeriaLawyer

realise in the open market at that date, less the amount of expenses which the owner might reasonably be expected to incur if the asset were so sold.

(2) For the purposes of this paragraph, if an asset is disposed of in such circumstances that insurance or compensation monies are received by the owner, the asset or the relevant interest, shall be treated as having been sold and as if the net proceeds of the insurance or compensation monies were the net proceeds of the sale.

(3) Subparagraph (2) shall not apply where the compensation monies received by the owner is used for the replacement of the asset lost or destroyed, and the allowance to be granted under this Part, in respect of the new asset, shall where the compensation received together with the residual or scrap value of the old asset, where applicable, is —

(a) greater than the cost of the new asset acquired, be limited to the residue of the old asset; and

(b) lower than the cost of the new asset, be —

(i) the amount claimable in respect of the residue of the old asset; and

(ii) full allowance in respect of the additional asset acquired, being the amount with which the cost of that new asset acquired exceeds the compensation together with the residual or scrap value.

Part of an asset

10. Any reference in this Part to any asset shall be construed whenever necessary to include a reference to a part of an asset or, an undivided part of the asset in the case of joint interests, and when so construed any necessary, apportionment shall be made as may, in the opinion of the Service, be just and reasonable.

Apportionment

11. (1) Where a qualifying asset is disposed, sold, or purchased together with a non-qualifying asset, the proportion of the value of the assets as, on a just apportionment, attributable to the qualifying asset shall, for the purposes of this Part, be the value of or the price paid for the assets.

(2) For the purposes of subparagraph (1), assets purchased or disposed in one bargain shall be deemed to be purchased or disposed together, notwithstanding that separate prices are or purport to be agreed for each of the assets or that there are or purport to be separate purchases or disposals of the assets.

(3) The provisions of subparagraph (1) shall apply, with any necessary modifications, to the sale or purchase of the relevant interest in an asset together with any other asset or relevant interest in any other asset.

Extension of application of "in use"

12. (1) For the purposes of this Part, an asset shall be deemed to be in use during a period of temporary disuse.

TheNigeriaLawyer

(2) For the purposes of paragraphs 4, 5 and 6 of this Part where an asset acquired for the purposes of petroleum operations has not been used for the petroleum operations carried on by the owner, the asset shall be deemed to be in use for the purposes of that petroleum operations on the date on which the expenditure was incurred, provided that where an allowance has been made in consequence of this subparagraph and the first use to which the asset is put is not for the petroleum operations, additional assessments shall be made to counteract the benefit obtained from the giving of the allowance

(3) The approval of the Service shall be obtained for the purpose of subparagraph (2).

Exclusion of certain expenditure

13. (1) Where any company has incurred expenditure which is allowed to be deducted under any provision of this Act, other than a provision of this Part, such expenditure shall not be treated as qualifying expenditure.

(2) Where any company has incurred expenditure on any ocean-going oil tanker plying between Nigeria and any other territory, that expenditure shall not be treated as qualifying expenditure for the purpose of this Part

Asset used or expenditure incurred partly for the purpose of petroleum operations

14. (1) The following provisions of this paragraph shall apply where, either or both of the following conditions apply with respect to any asset —

(a) the owner of the asset has incurred in respect thereof qualifying expenditure partly for the purposes of petroleum operations carried on by him and partly for other purposes

(b) the asset in respect of which qualifying expenditure has been incurred by the owner is used partly for the purposes of petroleum operations carried on by such owner and partly for other purposes.

(2) Any allowance which would be due if both expenditures were incurred wholly and exclusively for the purposes of the upstream petroleum operations applicable to crude oil and if the asset were used wholly and exclusively for the purposes of such operations, shall be computed in accordance with the provisions of this Part.

(3) The allowances computed in accordance with subparagraph (2) shall be treated, as in the opinion of the Service is, just and reasonable having regard to all circumstances and to the provisions of this Part

Disposal without change of ownership

15. Where an asset in respect of which qualifying expenditure has been incurred is disposed in such circumstances that the owner retains the ownership, for the purposes of determining the amount of capital allowance, the owner shall be deemed to have bought the asset immediately after the disposal for a price equal to the residue of the qualifying expenditure at the date of the disposal.

TABLE I

TheNigeriaLawyer

Petroleum Investment Allowance

Qualifying expenditure in respect of	*Rate per centum*
Onshore operations	5
Operations in territorial waters and continental shelf areas up to and including 100 metres of water depth	10
Operations in territorial waters and continental shelf areas in water depth between 100 and 200 metres of water depth	15

TABLE II

Capital Allowance

Capital allowance	Rate per centum
1st year	20
2nd year	20
3rd year	20
4th year	20
5th year	20

TheNigeriaLawyer

Second Schedule

Section 60

EXPORT PROCESSING AND FREE TRADE ZONE ENTITIES

1. This schedule applies to the export processing and free trade zones, (the zones) and approved export processing and fre3e trade zone entities, (the entities).

2. In this Schedule —

   (a) "export processing zone entity" means an approved and licensed enterprise under the Nigeria Export Processing Zones Act Cap. N107, Laws of the Federation of Nigeria, 2004; and

   (b) "export free zone entity" means an approved and licensed enterprise under Oil and Gas Free Zones Authority Act Cap. O5, Laws of the Federation of Nigeria, 2004.

3. Subject to paragraph (4) of this Schedule and the provisions of Section 57, the profits of an export processing zone entity are fully exempt from tax where —

   (a) its total sales arise from the export of goods or services, or serve as inputs into goods or services exclusively for export; and

   (b) not more than 25% of its sales arise from the sale of goods or services to the customs territory in Nigeria.

4. Where, in a year of assessment, more than 25% of the sales of an export processing zone entity arise from the sale of goods or services in the customs territory, tax shall accrue in Nigeria on the profits of the entity in respect of its total sales to the custom territory.

5. Notwithstanding the provision of paragraph 3(ii) of this Schedule, the profits of an export processing zone entity shall be fully subject to tax effective from 1 January 2028, in respect of its sales to the customs territory in Nigeria, regardless of the percentage of the sales:

   Provided that the President may, by order published in the Official Gazette, extend the date at which an export processing or export free zone entity shall be fully subject to tax, in respect of its sales to the customs territory in Nigeria, to a date not later than 10 years from the commencement of this Act.

6. Notwithstanding the provisions of this Schedule or any other law, an export processing or export free zone entity shall comply with all relevant provisions of the Nigeria Tax Administration including those requiring —

   (a) registration;

   (b) filing of tax returns; and

TheNigeriaLawyer

(c) deduction of tax at source.

7. Where an entity in a zone contracts out manufacturing services or any of its approved activity within the zone to a related or connected resident company that is not an entity in the zones, all income derived from the sale by the entity in the zone, of the goods produced shall be treated as the income of the related or connected resident company, except the Service is satisfied that the transaction provided was conducted at arm's length.

8. Where a resident company, which is not an entity in the zones, provides services other than manufacturing services to a related or connected entity in the zones, the provisions of the Transfer Pricing Regulations shall apply to the transaction.

9. Services rendered to an export processing or export free zone entity by a person in the custom territory or services consumed by a free zone entity within the custom territory shall be chargeable to applicable taxes.

10. For the purpose of this section, licensed entities shall be required to provide evidence of export proceeds, either in cash inflow or imported raw materials or equipment, as a condition to claim the tax incentives.

TheNigeriaLawyer

Third Schedule

Sections 20(1)(a) and 92(1)(g)

DEDUCTIBLE INTEREST

1. Notwithstanding any provisions of chapter two of this Act, where a Nigerian company or permanent establishment of a non-resident company in Nigeria, incurs any expenditure by way of interest or of similar nature in respect of debt issued by a connected person, the excess interest thereon shall be a disallowable deduction for the purpose of chapter two this Act.

2. For the purposes of paragraph (1) of this Schedule, the excess interest shall mean an amount of total interest paid or payable to a connected person in excess of 30% of earnings before interest, taxes, depreciation and amortisation of the Nigerian company in that accounting period.

3. Nothing contained in paragraph (1) of this Schedule shall apply to a Nigerian subsidiary of a foreign company which is engaged in the business of banking or insurance.

4. Where for any assessment year, the interest expenditure is not wholly deducted against income, the interest expenditure that has not been deducted, shall be carried forward to the following assessment year or assessment years, and it shall be allowed as a deduction against the profits, if any, of any business carried on by it and assessable for that assessment year to the extent permitted in accordance with paragraph (2) of this Schedule,

   Provided that interest expenditure shall not be carried forward under this paragraph for more than five assessment years immediately succeeding the assessment year for which the excess interest expenditure was first computed.

5. For the purposes of this Schedule, the expression “debt” means any loan, financial instrument, finance lease, financial derivative, or any arrangement that gives rise to interest, discounts or other finance charges that are deductible in the computation of income chargeable under the head “profits and gains of business or profession”.

TheNigeriaLawyer

Fourth Schedule

Section 58(1)

INDIVIDUALS' INCOME TAX RATES

After the relief allowance and exemptions had been granted in accordance with subsection (1) of section 30 of this Act, the taxable income ascertained shall be taxed at the following rates —

(a) First N800,000 at 0%;

(b) Next N2,200,000 at 15%;

(c) Next N9,000,000 at 18%;

(d) Next N13,000,000 at 21%;

(e) Next N25,000,000 at 23%; and

(f) Above N50,000,000 at 25%.

TheNigeriaLawyer

Fifth Schedule

Sections 16 and 26(4)

INCOME FROM SETTLEMENTS, TRUSTS AND ESTATES

PART I — INCOME FROM SETTLEMENTS, TRUSTS AND ESTATES

1. Subject to Part II of this Schedule and notwithstanding Part III of this Schedule, the income of a settlement or trust shall for all the purposes of Chapter Two of this Act be deemed to be the income of the settlor or person creating the trust, where the —

    (a) settlor or person retains or acquires an immediately exercisable general power of appointment over the capital assets of the settlement or trust or over the income derived from it;

    (b) settlor or person makes use, directly or indirectly, by borrowing or otherwise, of any part of the income arising under the settlement or trust; or

    (c) settlement or trust is revocable in circumstances whereby that settlor or person, or the spouse, resumes control over any part of the income or assets comprised in it:

    Provided that a settlement or trust shall not be regarded as revocable solely by reason of the fact that an income or asset comprised therein may revert to that settlor or person, or the spouse, in the event of a beneficiary predeceasing that settlor or person, or of the happening of an uncertain event upon which the settlement or trust is limited.

2. For the purposes of Parts I and II of this Schedule, the income of a settlement or trust, other than a settlement or trust to which the provisions of paragraph 4 of this Schedule apply, or of the estate of a deceased individual shall be, in the case of a —

    (a) resident person, income derived from a source in Nigeria and outside Nigeria; and

    (b) non-resident person, income derived from a source in Nigeria and income brought into or received in Nigeria.

3. The amount of income (computed income) of each period of twelve months ending on 31 December in each year shall be ascertained as though the provisions of Chapter Two of this Act and the relevant provisions of the Nigeria Tax Administration Act, 2025 is applicable and —

    (a) there shall be deducted—

        (i) any expenses of the trustee or executor relative to the settlement, trust or estate which is authorised by the terms of the deed of settlement or trust or of the will, and

TheNigeriaLawyer

(ii) any annuity of fixed annual amount paid out of the income of the settlement, trust or estate in accordance with the provisions of the deed or will; and

(b) where the income includes any gain or profit from a trade, business, profession or vocation, or a rent or premium, there shall be added or deducted, any sum which would have been added or deducted in the relevant year of assessment under the provisions of Chapter Two of this Act, as if the income from those sources had been the assessable income of an individual for that year ascertained under the provisions of section 28 of this Act.

4. The computed income of a year for a settlement, trust or estate shall be apportioned for the purpose of assessment in the following manner—

(a) where—

(i) the terms of the deed of settlement or trust or of a will provide that the whole income of the settlement, trust or estate after deduction of any authorised expense or annuity of fixed amount is to be divided in specific proportions among the beneficiaries entitled to it, or

(ii) by operation of law, on an intestacy, the income of an estate is to be divided in the manner referred to in sub-subparagraph (a)(i),

the income of each beneficiary for a year of assessment from the settlement, trust or estate shall be his similarly apportioned share of the computed income.

(b) where a trustee or executor has discretion to make any payment, other than a payment on account, to a beneficiary out of the income of a settlement, trust or estate in such amount as he deems fit —

(i) the amount of the payment to a beneficiary made in the course of a year shall be treated as income of that year which is assessable to tax in the hands of that beneficiary, and

(ii) out of the remainder of the computed income after deducting the aggregate amount of all the payments during any year, there shall be apportioned to each beneficiary who has any specified proportional interest in the income of the settlement, trust or estate, the amount obtained by applying the proportion to that remainder:

Provided that where the aggregate amount exceeds the computed income, the amount of each payment to be treated as income in the hands of a beneficiary under this subparagraph shall be reduced proportionally such that the aggregate amount does not exceed the computed income; and

TheNigeriaLawyer

(c) any remainder of the computed income of a settlement, trust or estate of any year after deducting all amounts apportioned to beneficiaries, or treated as income in the hands of beneficiaries under the provisions of sub-subparagraph (b) of this paragraph shall be apportioned to the trustee or executor for assessment in his name as trustee of the settlement or trust or as executor of the estate.

PART II — SPECIAL PROVISIONS AS TO SETTLEMENT ON UNMARRIED CHILDREN

5. (1) Notwithstanding any other provision of Chapter Two of this Act, where, by virtue or in consequence of a settlement and during the life of the settlor an income is paid to or for the benefit of a child of the settlor in a year of assessment, the income shall, where at the time of payment the child was an infant and unmarried, be treated for the purposes of Chapter Two of this Act as the income of the settlor for that year and not as the income of any other person.

(2) Income paid to or for the benefit of a child of a settlor shall not be treated as provided in subparagraph (1) of this paragraph for any year of assessment where the aggregate amount of the income paid to or for the benefit of that child does not exceed the National Minimum Wage or its equivalent.

(3) This paragraph shall not apply in relation to an income arising under a settlement in a year preceding a year of assessment if the settlor is not a resident of Nigeria during that year of assessment and the income is not derived from, brought into or received in Nigeria.

6. For the purposes of paragraph 5 of this Schedule —

(a) income which, by virtue or in consequence of a settlement, may become payable or applicable to or for the benefit of a child of the settlor in the future shall be deemed to be paid to or for the benefit of that child; and

(b) an income dealt with in accordance with subparagraph (1), which is not required by the settlement to be allocated, at the time when it is so dealt with, to any particular child or children of the settlor shall be deemed to be paid in equal shares to or for the benefit of each of the children to or for the benefit of whom or any of whom the income or assets representing the income will or may become payable or applicable.

7. (1) Where, by virtue of paragraph 5 of this Schedule, an income tax becomes chargeable on and is paid by the settlor, he shall be entitled to —

(a) recover from any trustee or other person to whom the income is payable by virtue or in consequence of the settlement the amount of the tax paid; and

(b) require the relevant tax authority to issue the settlor a certificate specifying the amount of income in respect of which he has paid tax and

TheNigeriaLawyer

the amount of the tax so paid, and any certificate issued shall be conclusive evidence of the facts.

(2) Where the settlor obtains from a trustee or any other person a payment in excess of the amount he is entitled to recover under subparagraph (1), an amount equal to the excess shall be paid by him to the trustee or other person to whom the income is payable by virtue or in consequence of the settlement, or, where there are two or more such persons, the amount shall be apportioned among those persons as required.

(3) Where a question arises as to the amount of any payment or as to any apportionment to be made under subparagraph (2), that question shall be decided by the relevant tax authority, and the provisions of Nigeria Tax Administration Act, 2025 as it relates to objection and appeal shall apply as though such decisions were an assessment.

8. (1) In the case of any settlement where there is more than one settlor, paragraph 5 of this Schedule shall, subject to the provisions of this paragraph, have effect in relation to each settlor as if he was the only settlor.

(2) In the case of a settlement referred to in subparagraph (1), income originating from the settlor may, for the purposes of paragraph 5 of this Schedule, be taken into account, in relation to any settlor, as income paid by virtue or in consequence of the settlement to or for the benefit of a child of the settlor.

(3) References in this paragraph to income originating from a settlor shall include references to the following —

(a) income from property which that settlor has provided directly or indirectly for the purposes of the settlement;

(b) income from property representing that property, including accumulated income from that property; and

(c) income from any property which represents both properties in subparagraph (3) and other property as, on a just apportionment, represents the property in subparagraph (3)(a).

9. In this Part —

"child" includes a stepchild, an adopted child and an illegitimate child;

"settlement" includes any disposition, trust, covenant, agreement, arrangement or transfer of assets;

"settlor" in relation to a settlement, includes a person by whom the settlement was made or entered into directly or indirectly, and in particular including a person who has provided or undertaken to provide funds directly or indirectly for the purpose of the settlement, or has made with another person a reciprocal arrangement for that other person to make or enter into a settlement.

TheNigeriaLawyer

PART III — SUPPLEMENTARY PROVISIONS

10. For the purposes of Chapter Two of this Act and Part I of the First Schedule to this Act, where an asset of a trade or business, profession or vocation forms part of the estate of a deceased individual, being an asset in respect of which capital allowance may be claimed in arriving at the total income of that individual for the year of assessment in which the individual died, the estate shall be deemed to have incurred qualifying expenditure on the acquisition of the asset equal in amount to the residue of the expenditure on the day following the death of the individual.

11. An individual in receipt of an annuity of fixed annual amount paid out of the income of a settlement, trust or an estate shall be assessable to tax on the full amount of the annuity.

12. The income arising from a settlement, trust or an estate assessable to tax under a provision of this Schedule in the hands of any settlor, trustee, executor, beneficiary or annuitant for a year of assessment shall be the amount of the income ascertained under the foregoing provisions of this Schedule of the year preceding that year.

13. (1) Where the income of a settlement, trust or estate of a year includes an income which is taxable in Nigeria and elsewhere, whether by deduction or otherwise, the provisions of Chapter Four of this Act with respect to any relief to be given or repayment to be made shall apply as though the whole of the taxed income were receivable by the persons to whom the computed income of that year is apportioned under the provisions of paragraph 4 of this Schedule —

(a) in due proportion to their respective shares therein; or

(b) where paragraph 4(b) of this Schedule applies in proportion to their shares in the remainder of the computed income as therein specified, and where there is no computed income, the relief or repayment shall be given or made to the trustee or executor for the account of the settlement, trust or estate

(2) For the purposes of this paragraph, references to an individual in Chapter Two of this Act shall be deemed to include references to a trustee or executor.

14. Subject to the provisions of this Schedule —

(a) a trustee of a settlement or trust, and every executor, shall be answerable for all things to be done in connection with the tax under this Act; and

(b) an income apportioned to a trustee or executor shall be assessable by the relevant tax authority in relation to that settlement, trust or estate.

15. A trustee of a settlement or trust in Nigeria, and the executor of an estate in Nigeria, shall prepare accounts of the income from all sources of the settlement, trust or the assets of the settlement, trust or estate are finally distributed.

TheNigeriaLawyer

16. An objection or appeal against the application of any provision of this Schedule shall be in accordance with the provisions of the Nigeria Tax Administration Act, 2025.

TheNigeriaLawyer

Sixth Schedule

Sections 69(q), 71(1)(b) and (2)

PRODUCTION ALLOWANCES AND COST PRICE RATIO LIMIT

Production Allowance

1. (1) There shall be a production allowance for crude oil production by leases which are converted oil mining leases based on a conversion contract and their renewals, which shall be the lower of US $2.50 per barrel and 20% of the fiscal oil price.

(2) There shall be a production allowance per field for crude oil production by a company for leases granted after the commencement of the Petroleum Industry Act, Act No. 6, 2021 and determined as follows —

(a) for onshore areas, the lower of US $8.00 per barrel and 20% of the fiscal oil price per barrel up to a cumulative maximum production of 50 million barrels from commencement of production and the lower of US $4.00 per barrel and 20% of the fiscal oil price thereafter; and

(b) for shallow water areas, the lower of US $8.00 per barrel and 20% of the fiscal oil price, up to a cumulative maximum production of 100 million barrels from commencement of production and the lower of US $4.00 per barrel and 20% of the fiscal oil price thereafter.

(3) The detailed procedures for determining the production allowances shall be established in regulations.

(4) Any allowance for crude oil shall also apply to condensates and liquid natural gas liquids under section 65 (2) (*a*) of this Act.

Cost Price Ratio (*CPR*) *Limit*

2. (1) All costs prescribed under section 68 of this Act and under Part II of the First Schedule to this Act, excluding those related to section 68(1)(a), (b) and (h), in an accounting period the sum of which is eligible for deduction under the hydrocarbon tax shall be subject to a cost price ratio limit of 65% of gross revenues determined at the measurement points.

(2) Where, as a result of subparagraph (1), any excess costs incurred is not allowed for deduction for that year of assessment —

(a) the costs may be allowed for deduction for the purposes of ascertaining the profits of the company for subsequent years of assessment provided that the total costs to be deducted shall not exceed the actual costs incurred;

(b) the total costs to be allowed as deduction in those subsequent years shall

TheNigeriaLawyer

be such an amount that if added to the sum of the total costs to be allowed as deduction under subparagraph (1) shall not exceed the specified cost price ratio limit of 65%; and

(c) where under paragraph 2 (2) (*b*), any cost exceeds the cost price ratio limit upon the termination of upstream petroleum operations related to crude oil, such costs shall not be deductible for the purpose of calculation of the hydrocarbon tax.

TheNigeriaLawyer

Seventh Schedule

Sections73(3), 89(1), (2), and 119

PETROLEUM ROYALTY

PART I — ADMINISTRATION OF ROYALTIES

Royalties on petroleum production

1. (1) The Service shall administer royalties payable in accordance with the provision of the Nigeria Tax Administration Act, 2025.

(2) All production of petroleum, including production tests is liable to royalty on a non-discriminatory basis, payable by the licensee or lessee.

Royalties to be paid in cash

2. Royalties shall be paid by the licensee or lessee in cash in accordance with the Nigeria Tax Administration Act, 2025, based on the fiscal oil price and fiscal gas price determined by the Commission, or realisable price determined in accordance with section 113 of this Act in the case of production sharing contract under Part III of Chapter Three of this Act.

Provision of monthly schedule to the Service

3. The Commission shall provide to the Service a monthly schedule of production and chargeable volume by each company engaged in petroleum operations determined for the field at the measurement points or deemed measurement points, fiscal oil price and fiscal gas price determined for the field at the measurement points, and other relevant information for the determination of royalties.

PART II — DETERMINATION OF CHARGEABLE VOLUMES AND PRICES FOR ROYALTIES

Measurement Point for the determination of production volumes

4. The measurement of crude oil, condensates, natural gas and natural gas liquids, and the procedures for determining production and chargeable volumes for royalties purposes shall be in accordance with the Seventh Schedule to the Petroleum Industry Act, No. 6, 2021 and applicable regulations or guidelines issued by the Commission.

Determination of price for royalty

5. The fiscal oil price applicable to crude oil and condensates, and the fiscal gas price applicable to natural gas and natural gas liquids for the field at the measurement points shall be as determined by the Commission in accordance with the Seventh Schedule to the Petroleum Industry Act, No. 6, 2021 and applicable regulations or guidelines issued by the Commission.

TheNigeriaLawyer

PART III — ROYALTIES FOR PART I OF CHAPTER THREE OF THIS ACT

Determination of royalties for Part I of Chapter Three of this Act

6. (1) Royalties payable shall be determined on a monthly basis, in the case of —

(a) crude oil and condensates, the royalties shall be based on production in accordance with subparagraph (2) and by price in accordance with subparagraph (3); and

(b) natural gas and natural gas liquids, the royalties shall be based on production in accordance with subparagraph (4):

Provided that condensates shall be treated as crude oil and natural gas liquids shall be treated as natural gas for the purpose of this Part.

Royalty based on production

(2) For the purpose of this paragraph —

(a) royalties based on production shall be calculated on a field basis;

(b) the royalty shall be at a rate per centum of the chargeable volume of the crude oil and condensates produced from the field area in the relevant month on terrain basis as follows —

(i) onshore areas — 15%,

(ii) shallow water (up to 200m water depth) — 12.5%,

(iii) deep offshore (beyond 200m water depth) — 7.5%, and

(iv) frontier basins — 7.5%;

(c) for deep offshore fields with a production during a month of not more than 50,000 bopd, the royalty rate shall be 5% and the share of the production above 50,000 bopd shall be at the royalty rate specified in paragraph (b);

(d) royalties for onshore fields and shallow water fields, including marginal fields, with crude oil and condensate production not more than 10,000 bopd during a month shall be at a rate per centum of the chargeable volume of the crude oil and condensates produced from the field area per production day during a month on tranched basis as follows —

(i) for the first 5,000 bopd — 5%, and

(ii) for the next 5,000 bopd, for the share of production over 5,000 bop

TheNigeriaLawyer

— 7.5%:

Provided that for fields with crude oil and condensate production more than 10,000 bopd during a month, the share of the production over 10,000 bopd during a month shall be at the royalty rates specified under paragraph (b);

(e) with respect to paragraph (c) and (d), where a single field covers two or more petroleum mining leases, the royalty shall be determined based on the total production from the field;

(f) royalty based on production for natural gas and natural gas liquids shall be at a rate of 5% of the chargeable volume and royalty rate for natural gas produced and utilised in-country shall be 2.5% of the chargeable volume; and

(g) where a field is located partially in onshore and in shallow water or partially in shallow water and deep offshore areas, the weighted average royalty shall be calculated in accordance with regulations.

Royalty by price

(3) There shall be payable, in addition to the royalty set out in subparagraph (2) for onshore, shallow water and deep offshore —

(a) a royalty by price with respect to crude oil and condensates at the rates set out below —

(i) below US $50 per barrel — 0%,

(ii) at US $100 per barrel — 5%,

(iii) at US $150 per barrel and above — 10%, and

(iv) between US $50 and US $100 per barrel and between US $100 and US $150 per barrel, the royalty by price shall be determined based on linear interpolation, as an example, if in 2020 the price is US $75 per barrel, the royalty by price shall be 2.5%, and the price levels mentioned in subparagraphs (i), (ii) (iii) and (iv) shall apply to the year 2020, and at the beginning of 2021 and of each succeeding calendar year these price levels shall be increased by 2% relative to the values of the previous year;

(b) there shall be no royalty by price for frontier acreages; and

(c) royalty derived from "royalty by price" shall be for the credit of the Nigerian Sovereign Investment Authority.

TheNigeriaLawyer

PART IV — DETERMINATION OF ROYALTIES FOR PART II AND III OF CHAPTER THREE OF THIS ACT

Royalty based on production

7. (1) Subject to subparagraph (2), royalties payable shall be determined on a monthly basis, which shall be at a rate per centum of the chargeable value of the crude oil and casing head petroleum spirit produced from the relevant area in the relevant period as follows —

(a) onshore areas	—	20%;
(b) offshore areas up to 100 metres water depth	—	18.5%;
(c) offshore areas above 100 up to 200 metres water depth	—	16.5%;
(d) offshore areas beyond 200 metres water depth	—	10%;
(e) frontier basin	—	7.5%; and
(f) inland basin	—	7.5%.

Royalty for Onshore and shallow Offshore Production Sharing Contracts

(2) The following royalties for onshore and shallow offshore production sharing contracts shall be applicable —

(a) Onshore —

(i) for production below 2 thousand barrels of oil per day — 5.0%,

(ii) for production between 2 and 5 thousand barrels of oil per day — 7.5%,

(iii) for production between 5 and 10 thousand barrels of oil per day — 15%, and

(iv) for production above 10 thousand barrels of oil per day — 20%;

(b) Offshore up to water depth of 100 metres —

(i) for production below 5 thousand barrels of oil per day — 2.5%,

(ii) for production between 5 and 10 thousand barrels of oil per day —7.5%,

(iii) for production between 10 and 15 thousand barrels of oil per day —12.5%, and

TheNigeriaLawyer

(iv) for production above 15 thousand barrels of oil per day — 18.5%; and

(c) Offshore between water depth of 100 and 200 metres —

(i) for production below five thousand barrels of oil per day — 1.5%,

(ii) for production between five and 10 thousand barrels of oil per day — 3.0%,

(iii) for production between 10 and 15 thousand barrels of oil per day — 5%,

(iv) for production between 15 and 25 thousand barrels of oil per day — 10.0%,

(v) for production above 25 thousand barrels of oil per day — 16.67%.

Royalty by price

(3) Royalty by price is adopted in order to allow for royalty reflexivity based on changing prices of crude oil, condensates and natural gas, and shall be payable in addition to royalty based on production specified in subparagraph (1) as follows —

(a) the royalty based on price shall be identical for the various water depths beyond 200m water depth including frontier acreages for crude oil and condensates;

(b) the royalty rates shall be based on increase that exceeds US$20 per barrel, and shall be determined separately for crude oil and condensates as follows —

(i) from US$ 0 and up to US$ 20 per barrel — 0%,

(ii) above US$ 20 and up to US$ 60 per barrel — 2.5%,

(iii) above US$60 and up to US$ 100 per barrel — 4%,

(iv) above US$ 100 and up to US$ 150 per barrel — 8%, and

(v) above US$ 150 — 10%;

(c) royalty based on production for natural gas shall be at a rate per centum of the price received by a licensee, lessee or marginal field holder in the relevant area, or at a price not less than the fees prescribed for gas flare penalties in the applicable regulations whichever is greater, but does not include any flare or waste gas appropriated by the Government of the Federation for its own use or for any purpose approved by it, as follows

TheNigeriaLawyer

—

(i) onshore areas — 7 %, and

(ii) offshore areas — 5%; and

(d) all natural gas liquids extracted from natural gas and spiked into the oil stream shall be treated as oil and all natural gas extracted and processed, except volumes flared or utilised for the purpose of oil and gas production operations in the particular field, shall be liable to royalty at a rate per centum of the price received equivalent to the rate prescribed in paragraph (c) or at a price not less than the fees prescribed for gas flare penalties in the applicable regulations whichever is greater.

TheNigeriaLawyer

Eighth Schedule

Section 64 (3), 124, 133
and 142 (2)

SOLID MINERALS ROYALTY

1. Any person who extracts any solid mineral shall pay royalty in accordance with the provisions of this Act and the Nigeria Tax Administration Act, 2025.
2. The royalties shall be computed at the rates specified in the Table of this Schedule on the value of the solid mineral resource.
3. The value of each solid mineral resource extracted shall be determined using the official selling price specified by the Federal Ministry of Solid Minerals or ruling prices on an international trading platform or market for solid minerals.

S/N	MINERALS	AD VALOREM (%)
1	ANTIMONY ORE	7.5
2	AMETHYST	10
3	AQUAMARINE	10
4	BARYTES	10
5	BAUXITE	7.5
6	BENTONITE	10
7	BERYLLIUM	10
8	BISMUTH	7.5
9	BITUMEN/ TAR SAND	7.5
10	CHALCOPYRITE	7.5
11	CHROMITE	10
12	CLAY	10
13	COAL	7.5
14	COLUMBITE ORE (<10% Nb2O5)	7.5
15	COLUMBITE CONCENTRATE (>10% Nb2O5)	7.5
16	COPPER ORE	7.5
17	CORUNDUM	10
18	CRYSTAL QUARTZ	10
19	DIATOMITE	10
20	DOLOMITE	10
21	EMERALD	10
22	FELDSPAR	10
23	FLOURITE	10
24	GARNET	10
25	GOLD CONCENTRATE	15
26	GRANITE BLOCKS	10
27	GRANITE AGGREGATES	10
28	GRANITE DUST	10
29	GRAPHITE	10
30	GYPSUM	10

TheNigeriaLawyer

31	ILMENITE	7.5
32	INDUSTRIAL QUARTZ	10
33	IRON ORE	7.5
34	KAOLIN (CRUDE)	10
35	KAOLIN (PULVERIZED)	10
36	LATERITE	10
37	LEAD/ZINC ORE (<55%Pb) <30% Zn)	7.5
38	LEAD/ZINC CONCENTRATE (>55%Pb), >30% Zn)	7.5
39	LIMESTONE (CRUDE)	10
40	LITHIUM ORE	10
41	MAGNESITE	7.5
42	MARBLE AGGREGATES	10
43	MARBLE BLOCKS	10
44	MANGANESE	7.5
45	MOLYBDENUM	7.5
46	MONAZITE	10
47	MICA	10
48	NICKEL	10
49	PHOSPHATE	10
50	PYRITE	7.5
51	RUBY	10
52	RUTILE	7.5
53	SALT	10
54	SAND	10
55	SAPPHIRE	10
56	SHALE	10
57	SILICA SAND	10
58	SILVER ORE	7.5
59	SODA ASH/TRONA	10
60	SPODUMENE	10
61	TALC	10
62	TANTALITE (CRUDE) (<30% Ta2O5)	7.5
63	TANTALITE CONCENTRATE (>30% Ta2O5)	7.5
64	TIN ORE (<50%Sn)	7.5
65	TIN CONCENTRATE (>50%Sn)	7.5
66	TOPAZ	10
67	TOURMALINE (GREEN)	10
68	TOURMALINE (PINK & BLUE)	10
69	WOLFRAMITE	7.5
70	ZIRCON	10
71	ZIRCON SAND	10
72	MOGANITE	10
72	ANY OTHER MINERAL	10

TheNigeriaLawyer

Ninth Schedule

Sections 136, and 137(1) and (2)

DUTIABLE INSTRUMENTS

S/N	Name of Instruments	Type	New Rate	Persons liable to Pay Duty	Exemptions
1	Agreement or Contract accompanied with a deposit (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
2	Agreement for sale of real property (see Conveyance on sale)	Ad Valorem	1.5%	Transferee	
3	Annuity (see Conveyance on Sale)	Ad Valorem	1.5%	Transferee	
4	Assignment (by way of security or of any security) (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
5	Irrevocable Assignment (upon a sale or otherwise) (see Conveyance)	Ad Valorem	1.5%	Transferee	
6	Bill of Exchange - Of any other Kind (Local & Foreign)	Ad Valorem	0.10%	Payee	
7	Bonds (Repayment of money & Transfer Stocks)	Ad Valorem	0.375%	Party taking security	
8	Capital Duty on Nominal Shares	Ad Valorem	0.75%	Company	
9	Capital Duty on Loan capital	Ad Valorem	0.125%	Borrower	• Overdraft at the bank • Loan raised for a period not exceeding 12 months • Loan obtained for onward disbursement to any other person in an onlending arrangement
10	Capital Duty on Loan Capital issued wholly or partly for the purpose of converting or consolidating existing capital	Ad Valorem	0.1%	Lender	
11	Contract notes for marketable security	Ad valorem	0.08%	Transferee	Contract note sent by a broker or agent to his principal where the principal is himself acting as a

TheNigeriaLawyer

S/N	Name of Instruments	Type	New Rate	Persons liable to Pay Duty	Exemptions
					broker or agent for a principal.
12	Contract notes (Continuation note)	Ad valorem	0.08%	Transferee	
13	Contract note (Option note)	Ad valorem	0.04%	Transferee	
14	Contract note (following a duly stamped option note)	Ad valorem	0.04%	Transferee	
15	Conveyance or transfer on sale	Ad Valorem	1.5%	Transferee	• Where the property has a value of N10,000,000 or less • Where the transfer is between associated companies holding at least 90% shareholding in each other or through a third party, provided it had been stamped upon initially purchase
16	Conveyance or transfer by way of security of any property or security (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than N10,000,000
17	Conveyance or transfers (dispositions inter vivos except to entity created by Act for the benefit of Nigeria) (see Conveyance or transfer on sale)	Ad Valorem	1.5%	Transferee	
18	Covenant (payment of money or transfer or re-transfer of stock) (see mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
19	Covenant on annuity (original creation and sale) (see conveyance)	Ad Valorem	1.5%	Transferee	
20	Covenant on annuity (not original creation and sale) (see Bond, Covenant)	Ad Valorem	0.375%	Party taking security	

S/N	Name of Instruments	Type	New Rate	Persons liable to Pay Duty	Exemptions
21	Defeasance (of any conveyance, apparently absolute but intended only as a security for money or stock) (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
22	Demise (see Lease)	Ad Valorem	Up to 7 years = 0.78%. Above 7 years = 3%	Lessee	Property of an annual value less than ₦1,000,000
23	Further charge of further security	Ad Valorem	0.375%	Mortgagee	
24	Marketable security (all types)	Ad Valorem	0.225%		
25	Mortgage, Bond, Debenture, Covenant (See bonds)	Ad Valorem	0.375%	Party taking security	
26	Mutual disposition (see Exchange	Ad Valorem	1.5%	Transferee	
27	Partition or Division (see Conveyance on sale)	Ad Valorem	1.5%	Transferee	
28	Policy of insurance (life insurance) (on premium)	Ad Valorem	0.075%	Policy Holder	
29	Policy of insurance (of any other kind)	Ad Valorem	0.075%	Policy Holder	
30	Promissory note (see Bill of Exchange)	Ad valorem	0.1%		
31	Reconveyance (of any security) (see Mortgage)	Ad Valorem	0.375%	Mortgagee	Relates to property less than ₦10,000,000
32	Superannuation annuity (see Bond, Covenant)	Ad Valorem	0.375%	Party taking security	Relates to property less than ₦10,000,000
33	Transfer (see Conveyance)	Ad Valorem	1.5%	Transferee	
34	Transfer of Mineral Assets	Ad Valorem	2%	Transferee	

TheNigeriaLawyer

S/N	Name of Instruments	Type	New Rate	Persons liable to Pay Duty	Exemptions
35	Agreement or Contracts (all types)	Fixed duty	N1,000	Beneficiary of service	• Relates to a subject, the value of which is less than ₦1,000,000. • Is for the hire of any labourer, employee, artificer, manufacturer or menial servant. • Is made for or relating to the sale of any goods, wares or merchandise, including a Hire Purchase Agreement.
36	Agreement or Memorandum of Agreement under hand	Fixed duty	N500	Beneficiary of service	(See Agreement)
37	Bill of Exchange - Payable on Demand	Fixed duty	N500	Payee	
38	Bill of Lading	Fixed duty	N500		Master's Copy
39	Cheque leaf (Bill of Exchange)	Fixed duty	N50	Account owner	
40	Counterpart or Duplicate	Fixed duty	N500	(Same as original)	
41	Draft for money (see Bill of Exchange)	Fixed duty	N50	Payee	
42	Guarantee	Fixed duty	N500	Guarantor	
43	Letter of credit (see Bill of Exchange)	Fixed duty	N500		
44	Order (for the payment of money) (see Bill of Exchange)	Fixed duty	N50	Payee	
45	Policy of marine insurance	Fixed duty	N500	Policy Holder	Cover notes, slips or other instruments made in anticipation of a formal marine insurance policy
46	Policy of insurance against personal injury	Fixed duty	N500	Policy Holder	Insurance policies on personal or household effects.

S/N	Name of Instruments	Type	New Rate	Persons liable to Pay Duty	Exemptions
47	Receipt (for value from N10,000)	Fixed duty	N50	(Same as liable for underlying transaction)	
48	Electronic receipt or Transfer of N10,000 upwards	Fixed duty	N50	Transferor	Money paid into one's own account or transferred electronically between accounts of the same owner within the same bank

Tenth Schedule

TheNigeriaLawyer

Section 166(1), (2), (3), 167(2), 168(2)(a),
169 (2) 173(9) 180(2)
184 and 202

LIST OF PRIORITY SECTORS

S/N	SUB-SECTOR	ECONOMIC DEVELOPMENT INCENTIVE STATUS	PRIORITY PRODUCT/SERVICE	THRESHOLD	SUNSET
1.		Manufacture of starches and starch products.	Starches from rice, maize, potatoes, wheat, cassava; Wet corn milling; Glucose, glucose syrup, maltose, inulin; Gluten.	N500m	15 years
2	Aquaculture	Marine and Freshwater fishing and all forms of aquaculture.	All fish, shellfish and all aquatic species	N500m	20 years
		Aquaculture processing	Fish processing and preservation	N500m	20 years
3.		Manufacture of tea products.	Blending of tea.	N500m	20 years
4.	Refining of Crude Oil and gas.	Manufacture of refined petroleum products.	Oil-based lubricating oils/grease: hydraulic/engine oil, gear oil, low power oil, brake fluid; Motor fuel: gasoline, kerosene, diesel; Fuel: Light, medium and heavy fuel oil, refinery gases (hydrogen, methane, ethane, propane, butane); Aviation fuel; Products for road covering: asphalt.	N100b	20 years
5.	Manufacture of Electrical Equipment and Electronics.	Manufacture of electric motors, generators, transformers and electricity	Distribution transformers; Power generators;	N20b	20 years

TheNigeriaLawyer

		distribution and control apparatus.	Transmission and distribution regulators; Electric motors, power circuit breaker, surge suppressors (for distribution level voltage); Control panels, for electric power distribution; Electrical relays; Ducts for electrical switchboard apparatus, electric fuses, power switching equipment.		
6		Manufacture of batteries and accumulators.	Primary cells and primary batteries; Electric accumulators; Lead acid batteries; NiCad batteries; NiMH batteries Lithium batteries; Dry cell batteries; Wet cell batteries	N20b	20 years
7		Manufacture of wiring and electrical lighting equipment.	Manufacture of discharge, incandescent, fluorescent, ultra-violet, infra-red bulbs Electric wires; Fibre optic cables; Insulated wire and cables made of steel, copper and aluminium	N10b	12 years
8		Manufacture of domestic appliances.	Refrigerators, freezers, oven, cookers, dishwashers, washing and drying machine, vacuum cleaners, floor polisher, blenders, juicers, electric shavers, electric toothbrush, tin openers, microwave, toasters, coffee makers, air conditioners	N5b	15 years

TheNigeriaLawyer

9		Manufacture of electronic components.	Electrical capacitors, resistors, condensers; Carbon and graphite electrodes; welding electrodes; Diodes, transistors, light emitting diodes; Inverters, rectifying apparatus, fuel cells, photovoltaic modules, regulated and unregulated power supplies, solar home systems; Uninterrupted power supplies, surge protectors.	N5b	15 years
10	Manufacture of Electrical Equipment and Electronics	Manufacture of irradiation, electromedical and electrotherapeutic equipment	Irradiation apparatus and tubes, CT Scanners, PET scanners, magnetic resonance imaging (MRI) equipment, medical ultrasound equipment, electrocardiographs, electromedical endoscopic equipment, medical laser equipment, pacemakers, hearing aids	N20b	15 years
11	Electricity and gas supply.	Electric power generation, transmission and distribution.	Operation of generation facilities that produce electric energy including thermal, nuclear, hydroelectric, gas turbine, and renewable; Operation of transmission systems that convey electricity from generation facility to distribution systems; Operation of distribution systems (i.e. consisting of lines, poles, meters and wiring) that convey electric power received from generation facility or the transmission system to the final consumer.	N100b	20 years

TheNigeriaLawyer

12	Electricity and gas supply	Production of gas including gas utilisation (downstream operations).	Production of gaseous fuels with a specified calorific value, by purification, blending and other processes from gases of various types including natural gas; Transportation, distribution and supply of gaseous fuels	N100b Separate power from gas	20 years
13	Renewable Energy		Production and manufacture of renewable energy equipment and apparatus	N100b	20 years
14	Mining of Coal	Mining and processing of coal.	Coal	N10b	20 years
15	Mining of metal Ores.	Mining and processing of lead, zinc, iron ore and gold.	Lead, zinc, iron ore and gold.	N10b	20 years
16	Quarrying and Mining of other Minerals.	Quarrying of limestone and mining of barite, bitumen and bentonite.	Limestone, barite, bitumen, and bentonite.	N5b	20 years
17	Mining of lithium, rare earth	Mining of lithium, rare earth	Lithium, rare earth.	N10b	20 years
18		Manufacture of medical and dental equipment and supplies.	Surgical drapes and sterile string and tissue; Surgical Instruments including disposables; Dental fillings and cements, dental wax and other dental plaster preparations; Bone reconstruction cements; dental laboratory furnaces; Laboratory ultrasonic cleaning machinery; Laboratory sterilisers; Distilling apparatus, centrifuges;	N5b	20 years

TheNigeriaLawyer

			Medical, surgical, dental or veterinary furniture (operating tables, examining tables, hospital beds, dentists chair); Bone plates and screws, syringes, needles, catheters, cannulae; Dental instruments; Orthopaedic and prosthetic devices; medical thermometers.		
19		Construction of Hospitals	Tertiary hospitals; Specialist hospitals	N5b	20 years
20	Motion picture, video and television programme production, distribution and exhibition.	Production and post-production of digital content for motion picture, videos, television programmes, commercials, distribution and exhibition.	Digital movies, animation, videos, television programmes, commercials; Online distribution; Exhibition.	N5b	15 years
21	Music production	Music production, distribution, publishing, manufacture of musical equipment, instruments and accessories		N250m	20 years
22		Building and operation of utility projects.	Long-distance pipelines, communication and power lines; power plants; Waterways, harbour and river works, ports; Dams; Refineries; Petrochemical plants;	N200b	20 years
23	Manufacture of chemical and	Manufacture of basic chemicals, fertilisers	Organic and inorganic basic chemicals.	N20b	15 years

TheNigeriaLawyer

	pharmaceutical products.	and nitrogen compounds.	Associated nitrogen products: nitric and sulphonitric acids, ammonia, ammonium chloride, ammonium carbonate, nitrites and nitrates of potassium. Polyethylene terephthalate, Amorphous-Polyethylene Terephthalate.		
24		Manufacture of pesticides and agrochemicals.	Insecticides, rodenticides, fungicides, herbicides.	N5b	15 years
25		Manufacture of pharmaceuticals and medical chemicals.	Medicinal active substances to be used for their pharmacological properties in the manufacture of medicaments: antibiotics, basic vitamins, salicylic and o-acetylsalicylic acids; Medicaments - antisera and other blood functions, vaccines; Processing of blood; Medical diagnostic preparations; Radioactive in-vivo diagnostic substances; Biotech pharmaceuticals; Medical impregnated wadding, gauze, bandages, dressing.	N2b	15 years
26	Manufacture of non- metallic products	Manufacture of glass and glass products.	Flat glass (toughened or laminated, wired, coloured or tinted); Laboratory, hygienic or pharmaceutical glassware	N2b	15 years
27	Manufacture of non- metallic products	Manufacture of refractory products	Refractory mortars, concretes; Refractory ceramic goods: refractory bricks, blocks,	N5b	15 years

TheNigeriaLawyer

			tiles, heat insulating ceramic goods; Laboratory wares: crucibles, nozzles, tubes, pipes, retorts, muffles; Refractory articles containing magnesite, dolomite.		
28		Manufacture of lime, plaster.	Quicklime, slaked lime and hydraulic lime; Plasters of calcined gypsum; Calcined dolomite; Powdered and pre-mixed mortar;	N2b	15 years
29	Manufacture of basic Metals, Iron and Steel.	Manufacture of basic iron and steel.	Ferro-alloys, ferrous products by direct reduction of iron and other spongy ferrous products, iron of exceptional purity, granular iron and iron powder, steel in ingots and other primary forms, semi-finished products of steel, hot- rolled and cold-rolled flat rolled products of steel, steel bars and rods and solid and open sections of steel, wires of steel, sheet piling, railway track materials, seamless and welded tubes and pipes of steel, tube fittings of steel; flat sheets; angle bar. Operation of blast furnaces, steel converters, rolling and finishing mills/ foundries.	N5b	15 years
30		Manufacture of other non- ferrous metals.	Aluminium; aluminium alloys; Lead, zinc, tin, copper, chrome, manganese, nickel from ores or oxides; Lead, zinc, tin, copper, chrome, manganese, nickel from electrolytic refining; Lead, zinc, tin, copper, chrome, manganese, nickel	N5b	12 years

TheNigeriaLawyer

			alloys; mattes of nickel; uranium; uranium from pitchblende or other ores.		
31	Manufacture of fabricated metal products excluding machinery and equipment.	Manufacture of tanks, reservoirs, containers of metal, nails and other fabricated metals.	Metal containers for compressed or liquefied gas, silos and similar containers of metal for storage or manufacturing use, boilers and radiators.	N5b	12 years
32	Manufacture of motor vehicles and components and other transport equipment	Manufacture of motor vehicles and components.	Passenger cars, buses, vans, coaches, truck, tractors; fire engines; armoured vehicle; Motor vehicle engines, chassis, bodies, out fittings; Parts and accessories for motor vehicles: brakes, batteries, gearbox, axles, road wheels, suspension shock absorbers, radiators, silencers, exhaust pipes, catalytic converters, clutches, steering wheels, steering columns, steering boxes, safety belts, airbags, doors, bumpers, car seats, alternators, spark plugs, ignition wiring harnesses, power window and door systems, voltage regulators.	N50b	15 years
33		Manufacture of motorcycles, tricycles and components.	Motorcycles, mopeds and cycles fitted with an auxiliary engine; Engines, parts and accessories for motorcycles; Motorised and non-motorised tricycles; Engines, parts and accessories for tricycles.	N20b	12 years
34		Building of ships, boats and floating structures for transportation.	Commercial vessels (passenger vessels, ferry boats, cargo ships, tankers, tugs), warships, fishing	N5b	15 years

TheNigeriaLawyer

			boats and fish-processing factory vessels; Sail boats, motor boats.		
35		Manufacture of aircraft and components.	Aeroplanes for the transport of goods or passengers, helicopters; Drones and UAD; Parts and accessories of aircraft: fuselages, wings, doors, control surfaces, landing gears, fuel tanks, nacelles, airscrews, helicopter rotors and propelled rotor blades, aircraft motors and engines, parts of turbo jets and turboprops, aircraft seats; Conversion of aircraft and aircraft engines.	N50b	15 years
36		Manufacture of railway locomotives and rolling stock	Electric, diesel, steam and other rail locomotives; Self-propelled/non- self-propelled railway coaches, vans, trucks, maintenance/service vehicles and Wagons-Specialised parts of railway locomotives; mechanical and electromechanical signalling, safety and traffic control equipment for railways, railway car seats.	N10b	20 years
37	Maintenance, repair and overhaul.	Maintenance, repair and overhaul aircrafts.	Repair, maintenance and overhaul of aircraft and aircraft engines.	N10b	15 years
38	Transportation.	Rail, Land, Pipeline and water transportation.	Passenger rail transport: inter and intra urban service. Freight rail transportation: mainline rail network and short-line freight rail. Freight transport by road: stock haulage; refrigerated;	N5b	15 years

TheNigeriaLawyer

			Transportation via pipelines: gases, liquids, slurry and other commodities. harbour operation and other auxiliary activities such as docking, pilotage, vessel salvage. Inland passenger water transportation: transport of passenger via rivers, canals, lakes and other inland waterways including inside harbours and ports.		
39		Manufacture of power-driven hand tools.	Circular or reciprocating saws, drills and hammer drills, hand held power sanders, pneumatic nailers, buffers, routers, grinders, staplers, pneumatic rivet guns, planers, shears and nibblers, impact wrenches, power actuated nailers.	N5b	10 years
40		Manufacture of general-purpose machinery.	Industrial refrigerating or freezing equipment, industrial air conditioning machines, non-domestic fans; Packaging and wrapping machinery; Fire extinguishers	N10b	10 years
41	Other Manufacturing	Manufacture of agricultural and forestry machinery.	Ploughs, harvesters, threshers, planters, tractors used in agriculture and forestry, mowers, manure spreader, seeder, harrows, sorter, milking machines, spraying machines for agricultural use, poultry-keeping machinery, bee-keeping machinery, equipment for preparing fodder, machines for cleaning, sorting or grading eggs, fruits.	N10b	15 years

TheNigeriaLawyer

42		Manufacture of metal- forming machinery and machine tools.	Machine tools for working metals and other materials (wood, bone, stone, hard rubber, hard plastics, cold glass); Machine tools for turning, drilling, milling, shaping, planning, boring, grinding; - Stamping or pressing machine tools; Punch presses, hydraulic presses, hydraulic brakes, drop hammers, forging machines; Draw-benches, thread rollers or machines for working wires; Stationary machines for nailing, stapling, gluing; Stationary rotary or rotary percussion drills, filing machines, riveters, sheet metal cutters; Presses for the manufacture of particle board; Electroplating machinery.	N5b	10 years
43		Manufacture of machinery for metallurgy	Machines and equipment for handling hot metals (converters, ingot moulds, ladles, casting machines); Metal-rolling mills and rolls for such mills.	N5b	10 years
44		Manufacture of machinery for food and beverage processing.	Agricultural dryers; Machinery for dairy industry, grain milling industry, bakery industry; Presses, crushers for fruit juices; Machines and equipment to process diverse foods;	N5bn	11 years

TheNigeriaLawyer

			Machines for extraction or preparation of animal or vegetable fats and oils.		
45	Other Manufacturing	Manufacture of machinery for paper and paperboard production	Machinery for making pulp; Paper and paperboard making machines; Dryers for wood, paper, paper pulp, paper or paperboard.	N5b	10 years
46	Waste management	Waste treatment, disposal and material recovery.	Conversion of waste to useable materials; Treatment of organic waste for disposal; Operation of facilities for treatment of hazardous waste; Treatment and disposal of toxic live or dead animals or contaminated waste; Processing of metal and non-metal waste and scrap and other articles into secondary raw materials, involving a mechanical or chemical transformation process.	N2b	12 years
47	Manufacture of textiles and Leather.	Preparation, spinning of textile fibres, weaving of textile and manufacture of made-up textiles.	Yarn or thread for weaving or sewing; Broad woven textiles, cotton-type, woollen-type, worsted-type, silk-type fabrics including from synthetic yarns; Knitted and crocheted fabrics-pile and terry fabrics, net and window furnishing type fabrics; Twine, cordage, rope and cables of textile fibres; Products of rope or netting: fishing net, insecticide treated nets;	N2b	12 years

TheNigeriaLawyer

			Synthetic filament tow, staple fibres, filament yarn, monofilament; Synthetic hair threads, weave-ons and attachments.		
48	Manufacture of sportswear		Manufacture of sportswear, sports apparels.	N500m	20 years
49	Manufacture of Leather Production.	Manufacture of leather products	Footwear, boxes, wallets, belt, shirts, trousers, bags etc. Leather-chamois dressed, parchment dressed, patent or metallised, composition leather.	N2b	12 years
50	Manufacture of pulp, paper and paper products	Manufacture of pulp and paper. Manufacture of household and personal hygiene paper products	Bleached, semi-bleached or unbleached paper pulp manufactured by mechanical, chemical or semi- chemical processes; Cotton-linters pulp; Removal of ink and pulp from waste paper; Paper and paperboard for further industrial processing; Creped or crinkled paper. Wall paper; Sanitary towels, tampons and diapers	N1b	10 years
51	Business process outsourcing.	Setting up of Regional/Global shared services centres in Nigeria for the provisions and management of technical services.	Shared services centres.	N2b	10 years

TheNigeriaLawyer

Eleventh Schedule

Sections 186 (2)

ITEMS ON WHICH TAX IS SUSPENDED UNDER THIS ACT

Items on which VAT may be suspended or delayed

1. Charging and collection of VAT on the following items shall commence on the date indicated by the Minister, or suspended where it is expedient to do so in the public interest, by an order issued in the Official Gazette —

    (a) petroleum products;

    (b) renewable energy equipment;

    (c) compressed natural gas (CNG);

    (d) Liquefied Petroleum Gas (LPG); and

    (e) other gaseous hydrocarbons.

Items on which the Minister may vary the classification

2. The following items may be classified as exempt or zero-rated supplies by an order issued by the Minister in the Official Gazette all —

    (a) equipment, components and infrastructure related to the conversion and installation or expansion of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG), including conversion kits; and

    (b) services relating to the conversion and installation of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG).

Interpretation

3. For the purposes of this Schedule—

"petroleum products" means automotive gas oil, aviation turbine kerosene, premium motor spirit, household kerosene and locally produced liquefied petroleum gas;

"renewable energy equipment" means equipment used in producing renewable, green or low-carbon energy from renewable resources, such as sunlight, wind, the movement of water, and geothermal heat; and

TheNigeriaLawyer

"compressed natural gas" means fuel gas mainly composed of methane (CH_4), compressed to less than 1% of the volume it occupies at standard atmospheric pressure.

TheNigeriaLawyer

Twelfth Schedule

Section 15(6)

DETERMINATION OF RESIDENCE

Foreign employments

1. An individual, not being a person to whom section 3 (1) (*a*) (*iv*) of the Nigeria Tax Administration Act, 2025 applies, who holds a foreign employment on 1 January in a year of assessment, or who first becomes liable to income tax in Nigeria for that year by reason of his entering that employment during that year, shall be deemed to be resident for that year where the duties are —

    (a) wholly performed outside Nigeria, in the territory in which the principal office of his employer is situated on that day or on the day his foreign employment commences, as the case may be; and

    (b) performed or exercised in Nigeria for a foreign employer, in the place of residence, and in the absence of such, in the place where the person usually resides.

Nigerian employment

2. An individual who holds a Nigerian employment on 1 January in a year of assessment, or who first becomes liable to income tax in Nigeria for that year by reason of his entering that employment during that year, shall be deemed to be resident for that year in the territory in which he has a place or principal place of residence on that day or, as the case may be, on the day on which he enters upon the full duties of that employment in Nigeria:

    Provided that if the individual is on leave from a Nigerian employment on 1 January in a year of assessment he shall be deemed to be resident for that year by reference to his place or principal place of residence immediately before his leave began.

Other employments

3. (1) An employee whose remuneration is subject to income tax in Nigeria for a year of assessment, but who has no place or principal place of residence in the territory of a State in Nigeria for that year under the provisions of paragraphs 2 of this Schedule, shall be deemed to hold a foreign employment, and if he has no territory of residence in a State for that year under the provisions of paragraph 1 of this Schedule, shall be

TheNigeriaLawyer

deemed to be a person to whom section 3(1)(a)(iv) of the Nigeria Tax Administration Act, 2025 applies.

(2) This paragraph shall apply to an employee who is subject to income tax in Nigeria for a year of assessment, but whose place of residence is in the Exclusive Economic Zone of Nigeria or territorial waters of Nigeria beyond the littoral States and has no principal place of residence in any of the littoral States.

Partnership

4. (a) Engaged in the performance or exercise of the duty of the partnership, be the territory in Nigeria of the office where he performs or exercises the duty of the partnership;

(b) Dormant partner in the partnership, be the territory in Nigeria which he usually resides; and

(c) A dormant partner that does not reside in a territory in Nigeria, be deemed to be a person to whom section 3 (1) (*a*) (*iv*) of the Nigeria Tax Administration Act, 2025 refers.

Pensions

5. (1) An individual whose only source of earned income arising in Nigeria on 1 January in a year of assessment was a pension, and who had a place or principal place of residence on that day shall be deemed to be resident for that year in the territory in which that place or principal place of residence was situated on that day.

(2) An individual whose only source of earned income arising in Nigeria on 1 January in a year of assessment was a pension, and who had no place of residence on that day, shall be deemed to be resident for that year, if the pension is —

(a) a Nigerian pension wholly payable by the Government of one territory, not being a Nigerian pension in respect of which section 2(1)(a)(iv) of the Nigeria Tax Administration Act, 2025 applies, in that territory;

(b) not a Nigerian pension, in the territory in which the principal office in Nigeria of the pension fund or other person authorising payment of the pension is situated.

(3) An individual whose only source of earned income arising in Nigeria on 1 January in a year of assessment was a Nigerian pension, and who had no place of residence on that day shall, if the pension is payable by more than one government, or payable by a person other than a government or if there are two or more pensions arising in different territories to the individual on that day, be subject to section 2(1)(a)(iv) of the Nigeria Tax Administration Act, 2025.

TheNigeriaLawyer

Other earned income

6. An individual, other than a corporation sole or body of individuals, who has a source of earned income in Nigeria for a year of assessment, other than an employment or a pension, shall be deemed to be resident for that year in the territory in which he had a place or principal place of residence on 1 January in that year:

Provided that —

(a) where the source of the income is first acquired by the individual during the year of assessment, and he had no place or principal place of residence on the first day of that year, he shall be deemed to be resident for that year in the territory where he first establishes a place of residence during that year; and

(b) in any other case where the individual had no place or principal place of residence, he shall be deemed to be resident for that year in any territory from which his earned income arising in Nigeria is derived, or the territory from which any part of the earned income is derived, if the income is derived from more than one territory.

Unearned income

7. An individual, other than a corporation sole or body of individuals, who has no source of earned income in Nigeria for a year of assessment but who has one or more source of unearned income in Nigeria for that year shall be deemed to be resident for that year in the territory in which he has a place or principal place of residence on 1 January of that year, provided that where —

(a) all the unearned income of the individual for that year arises in one territory, and he has no place of residence on that day, he shall be deemed to be resident for that year in that territory; and

(b) the unearned income of the individual arises for that year in more than one territory, and he has no place of residence on that day, he shall be deemed to be resident for that year in the territory from which any part of the unearned income arises.

Application

8. (1) Where the territory of residence of an individual for a year of assessment may be determined under more than one of the preceding paragraphs of this Schedule, it

TheNigeriaLawyer

shall be determined by the first-numbered paragraph which is applicable to his circumstances.

(2) Where, by reason of subparagraph (1), or otherwise, a determination of residence of an individual for a year of assessment falls to be revised, and the tax authority that raised an assessment is other than that territory in which the individual is finally determined to be resident for that year, the first-mentioned tax authority shall discharge any assessment made by it on the income of the individual for that year.

Corporation sole or body of individuals

9. A corporation sole or body of individuals other than a family or community shall be deemed to be resident for a year of assessment in the territory in which its principal office in Nigeria is situated on 1 January in that year or, if it has no office in Nigeria on that day, in a territory in which any part or the whole of its income liable to tax in Nigeria arises for that year.

Family income

10. Income of a family shall be taxed only by the territory in which the member of that family who customarily receives that income in the first instance in Nigeria usually resides.

Trust

11. Income of a trustee of any settlements or trusts, or estates or to an executor of any estate of a deceased person, shall be taxed only by the territory in which the settlor or the person creating the trust is resident and to the extent provided in the Fifth Schedule to this Act.

Interpretation

12. In this Schedule —

"dormant partner" in relation to a partnership means a partner that does not take active part in the performance of the duties of the partnership;

"earned income" in relation to an individual, means income derived by him from a trade, business, profession, vocation or employment earned on or exercised by him and a pension derived by him in respect of a previous employment;

"foreign employment" means an employment the duties of which are wholly performed outside Nigeria save during any temporary visit of the employee to

TheNigeriaLawyer

Nigeria or performed or exercised in Nigeria for a foreign employer;

"Nigerian employment" means any employment, not being a foreign employment, the duties of which are wholly or partly performed in Nigeria;

"Nigerian pension" means a pension in respect of past service under, and payable by, a resident person or a government in Nigeria;

`

"place of residence" in relation to an individual, means a place available for his domestic use in Nigeria on a relevant day, and does not include any hotel, rest house or other place at which he is temporarily lodging unless no permanent place is available for his use on that day;

"principal place of residence" in relation to an individual with two or more places of residence on a relevant day, not being both within any one territory means in the case of an individual —

(a) with no source of income other than a pension in Nigeria, that place where he usually resides;

(b) who has a source of earned income other than a pension in Nigeria, that place where on a relevant day is nearest to his usual place of work;

(c) who has a source or sources of unearned income in Nigeria, that place where he usually resides; or

(d) who works in the branch office or operational site of a company or other body corporate, the place at which the branch office or operational site is situate:

Provided that operational site shall include Oil Terminals, Oil Platforms, Flow Stations, Factories, Quarries, Construction Site with a minimum of 50 workers.

TheNigeriaLawyer

Thirteenth Schedule

Sections 163(1) (o),
and 187

EXEMPTION FOR AGRICULTURAL BUSINESSES

SUB-SECTOR	ACTIVITY	EXEMPTED PRODUCTS
Crop Production	Growing of perennial and non-perennial crops	All crops
Livestock	Raising and breeding of animals in ranches and farms	Cattle, swine/pigs, sheep, goat, and poultry, including processed eggs.
	Livestock processing	Meat and poultry processing
Forestry	Plantation of rubber and acacia trees	Latex and gum arabic
Dairy	Manufacture of dairy products	Fresh liquid milk, pasteurised, sterilised, homogenised and/or ultra-heat treated; Dried or concentrated milk; Cream from fresh liquid milk, pasteurised, sterilised, homogenised; Milk or cream in solid form; Cheese, curd and lactose.
Cocoa processing	Processing of cocoa	Cocoa, cocoa butter, cocoa fat, cocoa oil; Chocolate.
Animal feeds	Manufacture of animal feeds	Animal feed, edible oils and by-products, concentrates, grain mill products, and feed supplements.

TheNigeriaLawyer

Fourteenth Schedule

Sections 59(6)

DEFENCE AND SECURITY INFRASTRUCTURE FUND

Establishment of Fund

1. (1) There is established a Fund known as the Defence and Security Infrastructure Fund (the Fund) for the implementation of a national security scheme and the development of defence industry and infrastructure in Nigeria.

(2) There shall be paid and credited to the Fund established under this schedule, 10% of the development levy imposed in section 59 of this Act.

(3) The Fund created under this schedule shall be used exclusively for operational purposes to enhance security in Nigeria.

Management of Fund

2. (1) The Fund is to be managed jointly by the following security agencies and bodies:

(a) Nigerian Army, Nigerian Navy and Nigerian Airforce, established under the Armed Forces Act, Cap. A20, Laws of the Federation of Nigeria, 2004;

(b) Nigerian Police Force established by Police Act, Cap. P19, Laws of the Federation of Nigeria 2004;

(c) Department of State Security (DSS) established under the National Security Agencies Act, Cap. N74, Laws of the Federation of Nigeria;

(d) Nigerian Security and Civil Defence Corps (NSCDC) established under the Nigerian Security and Civil Defence Commission Act, No. 6, 2007;

(e) Nigerian Forest Security Service (NFSS) established under the Nigerian Forest Security Service Act 2025;

(f) Defence Intelligence Agency (DIA) established under Decree 19 of 1986; and

(g) Office of the National Security Adviser established under the National Security Agencies Act of 1986.

(2) The money due to each agency as prescribed under paragraph 3 of this Schedule shall be paid directly to the agency's account with the Central Bank of Nigeria.

TheNigeriaLawyer

(3) Monies from the fund shall be used by the agencies to fulfil the performance of functions and obligations as provided under the establishment laws of the agencies, including obligations on maintenance, reporting and accountability of funding.

Fund Allocation Details

3. The 10% allocation from the development levy shall be divided and managed as follows:

S/N	AGENCY	PERCENTAGE OF THE FUND
1	Defence Headquarters	8%
2	Nigerian Army	20%
3	Nigerian Navy	12.5%
4	Nigerian Airforce	12.5%
5	ONSA / Counter-Terrorism Center	6%
6	Nigeria Police Force	10%
7	Police Trust Fund	8%
8	Department of State Security	9%
9	Nigerian Security and Civil Defence Corps	5%
10	Nigerian Forest Security Service	5%
11	Defence Intelligence Agency	4%

Modification

4. The allocation, distribution, and management of the Fund established under this Schedule may be reviewed by the National Assembly to ensure the effective distribution and maintenance of the Fund based on needs and emerging challenges in Nigeria.

TheNigeriaLawyer