A BILL

FOR

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

Sponsored by Senator Sabo Mohammed

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

1. The Industrial Development (Income Tax Relief) Act CAP.17, Laws of the Federation of Nigeria, 2004 (hereinafter referred to as "the Principal Act") is amended as set out in this Bill-

2. Section 1 of the Principal Act is amended-

(a) by inserting a new "subsection (4)" immediately after the existing "subsection (3)", and renumbering accordingly-

"(4) Notwithstanding the provisions of sections 1 (2) and (3), any company expanding its operations in a pioneer industry or pioneer product may apply under this Act for the issue of a new pioneer certificate, and nothing precludes any company whose application was rejected on the grounds of expansion from re-applying for reconsideration under this subsection."

(b) In subsection (4) paragraph (a) and (b) by substituting for the figure "N50,000", the figure "N100,000,000", and the figure "N150,000", with the figure "N120,000,000" respectively-

(a) in the case of an indigenous-controlled company, not less than N100,000,000; or

(b) in the case of any other company, not less than N120,000,000;

(c) by inserting a proviso after the word 'products' in the last line of subsection (5)-
Provided that a three (3) year notice period is given for the commencement of the amendment.

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

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

3. Section 2 of the Principal Act is amended-

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

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

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

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

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

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

(d) for any company whose investment is in Agriculture and Agro-processing, where over 90% of inputs are local materials, the pioneer
Certificate may specify the maximum tax relief period, not exceeding fifteen years.

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

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

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

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

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

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

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

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

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

7. This Bill may be cited as the Industrial Development (Income Tax Relief) (Amendment) Bill, 2019.
EXPLANATORY MEMORANDUM

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