FEDERAL REPUBLIC OF NIGERIA

SENATE COMMITTEE ON TRADE AND INVESTMENT

REPORT OF THE INDUSTRIAL DEVELOPMENT (INCOME TAX RELIEF) ACT AMENDMENT BILL 2019 (SB. 734)

1.0 INTRODUCTIONS:

The President and Distinguished Senators, you may recall that the Bill was referred to Committee on Trade and Investment on Wednesday, 8th May, 2019 for further Legislative action. This very important Bill was sponsored by Distinguished Senator Sabo N. Mohammed, (Jigawa South). The Bill when passed will enhance economic growth and development of the nation.

2.0 SECRETARIAT:

Emmanuel Odo (JP)- Clerk

3.0 METHODOLOGY

The Committee adopted the following methodology in the course of its assignment;

i) Considered the Bill Clause by Clause during its meeting and

ii) Considered contributions by Distinguished Senators at the 2nd reading of the Bill.

The Bill seeks to amend the Industrial Development (Income Tax Relief) Act Cap 17, Laws of the Federation of Nigeria, 2004.

The Bill has seven (7) clauses. The amendment of the Bill seeks to address some of the deficiencies in the principal Act by creating a more robust legislative framework to assist the Nigerian Investment Promotion Commission (NIPC) to perform its duties effectively and efficiently.

It is as a result of this my respected colleagues, that this amendment is being proposed for our country to benefit maximally from the huge investment in the country.

The objective of the Industrial Development (Income Tax Relief) Act Cap. 17. Laws of the Federation of Nigeria, 2004 (SB. 734) 2019 IS Tax relief that attracts investors to the nation's economy.

4.0 RECOMMENDATION:

The Committee strongly recommends the seven (7) clauses as contained in the details.

5.0 Attached is the detail for your consideration and approval.

6.0 CONCLUSION

The Committee, led by Distinguished Senator Sabo N. Mohammed would like to use this medium to thank the Senate for giving the members the opportunity to serve.

Thank you.

I so submit.

Senator Sabo N. Mohammed
Chairman

Emmanuel Odo (JP)
Clerk

SIGNATURE PAGE

THE SENATE

COMMITTEE ON TRADE & INVESTMENT

COMMITTEE MEMBERS

S/No	NAME	POSITION	SIGNATURE
1.	Sen. Sabo N. Mohammed	Chairman	
2.	Sen. Mustapha M. Sani	Vice. Chairman	
3.	Sen. Usman Bayaro Nafada	Member	
4.	Sen. Boroffice Robert Ajayi	Member	
5.	Sen. Hope Uzodinma	Member	
6.	Sen. Yusuf A. Yusuf	Member	
7.	Sen Baba Kaka Garbai	Member	
8.	Sen. Efiong Nelson	Member	
9.	Sen. Suleiman Hunkuyi Othman	Member	
10.	Sen. Fatimat Raji-Rasaki	Member	
11.	Sen. Shuaibu Isa Lau	Member	
12.	Sen. Victor C. Umeh	Member	

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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

EXTANT ACT/SECTION	PROVISIONS OF THE BILL	COMMITTEE'S RECOMMENDATIONS	REMARKS
	ENACTED by the National Assembly of the Federal Republic of Nigeria As follows -	**Retained as in the Bill**	
1	**AMENDMENT OF CAP.17 LFN, 2004** 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 -	**Retained as in the Bill**	
2	**AMENDMENT OF SECTION 1** Section 1 of the Principal Act is amended -	**Retained as in the Bill**	
	(a) by inserting a new "subsection (4)" immediately after the existing "subsection (3)", and renumbering accordingly-	**Retained as in the Bill**	
	" (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."	**Retained as in the Bill**	

(4) (a) in the case of an indigenous-controlled company, is not less than ₦50,000; or **(b)** in the case of any other company, is not less than ₦150,000	(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)"-	**Retained as in the Bill** **Retained as in the Bill** **Retained as in the Bill** **Retained as in the Bill** **Retained as in the Bill**	
(6)(b) as respects any pending application made under subsection (1) of this section, no pioneer certificate shall be issued under this Act, to any company in relation to that industry or product.	"(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".	**Retained as in the Bill**	
3	**AMENDMENT OF SECTION 2** 3. Section 2 of the Principal Act is amended- (a) in subsection (4) line 1, by substituting for the figure "N100", the	**Retained as in the Bill** **Retained as in the Bill**	

(4) The application shall be accompanied by a fee of ₦100 (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.	figure "N200,000"- (4) The application shall be accompanied by a fee of ₦200, 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 (1) year from the date of submission of application".	**Retained as in the Bill** **Retained as in the Bill** **Retained as in the Bill**	
4	**AMENDMENT OF SECTION 3** 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 –	**Retained as in the Bill**	

	(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	**Retained as in the Bill**	
	(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.	**Retained as in the Bill**	
	(b) by inserting a new "subsection (7) "immediately after the existing " subsection (6)" to read as follows –	**Retained as in the Bill**	
	"(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."	**Retained as in the Bill**	
5	**AMENDMENT OF SECTION 6** 5. Section 6 of the Principal Act is amended in subsection (11)	**Retained as in the Bill**	

6 (11) **(a)** in the case of an indigenous-controlled company, is less than ₦50,000; or **(b)** in the case of any other company, is less than ₦150,000	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.	**Retained as in the Bill** **Retained as in the Bill** **Retained as in the Bill**	
6	**AMENDMENT OF SECTION 25** 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.	**Retained as in the Bill** "	

7 SHORT TITLE This Act may be cited as Industrial Development (Income Tax Relief) Act and shall be read as one with the principal Act.	This Bill may be cited as the Industrial Development (Income Tax Relief) Act Cap.17, Laws Of The Federation Of Nigeria, 2004 (Amendment) Bill, 2019.	**Retained as in the Bill**	
	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.	**Retained as in the Bill**	