



Twenty-Seven New Industries to Enjoy Tax Holidays in Nigeria: A Note on the Widened Coverage of the Pioneer Status Incentive Scheme

Introduction

In its continued bid to promote enterprise, economic recovery, and reform the investment climate, the Federal Government of Nigeria recently widened the areas eligible for tax waiver under the pioneer status incentive scheme.

See the original tweet by the official handle of Nigeria's Federal Ministry of Industry, Trade & Investment [here](#).

Summary

The pioneer status incentive scheme which is governed by the Industrial Development (Income Tax Relief) Act, Cap. 179 Laws of the Federation, 1990, is aimed at giving income tax holidays to limited liability companies. Companies granted pioneer status enjoy tax exemption for an initial period of three years, with possible extension for another two, subject to meeting the required conditions.

Following the meeting of the Federal Executive Council held on Wednesday, 2nd August 2017, where the decision was taken to widen the list with 27 (twenty-seven) additional industries for eligibility under the scheme, the Minister of Industry, Trade and Investment Dr Okechukwu Enelamah announced the list on Monday, 7th August 2017.

With this announcement, the Minister also confirmed that the suspension of the grant of pioneer status (due to perceived abuses), had been lifted as well.

The 27 (twenty-seven) new areas are listed below:

1. Mining and processing of coal;
2. Processing and preservation of meat/poultry and production of meat/poultry products;
3. Manufacture of starches and starch products.
4. Processing of cocoa;
5. Manufacture of animal feeds;
6. Tanning and dressing of leather;
7. Manufacture of leather footwear, luggage, and handbags;
8. Manufacture of household and personal hygiene paper products;
9. Manufacture of paints, varnishes and printing ink;
10. Manufacture of plastic products (builders' plastic ware) and molds;
11. Manufacture of batteries and accumulators;

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12. Manufacture of steam generators;
13. Manufacture of railway locomotives, wagons and rolling stock;
14. Manufacture of metal-forming machinery and machine tools;
15. Manufacture of machinery for metallurgy;
16. Manufacture of machinery for food and beverage processing;
17. Manufacture of machinery for textile, apparel and leather production;
18. Manufacture of machinery for paper and paperboard production;
19. Manufacture of plastics and rubber machinery;
20. Waste treatment, disposal, and material recovery;
21. E-commerce services;
22. Software development and publishing;
23. Motion picture, video and television programme production, distribution, exhibition and photography;
24. Music production, publishing and distribution;
25. Real estate investment vehicles under the Investments and Securities Act;
26. Mortgage backed securities under the Investments and Securities Act; and
27. Business process outsourcing

Comment

The list is potentially transformative as it covers the creative industry, leather works, railway, waste disposal and treatment, software development and e-commerce, real estate investment trusts and mortgage backed securities.

This is a positive development and we envisage that both foreign and local investors will take full advantage of it.

Look out for our detailed review on the effect of this list on specific industries.

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