

Borno State Investment Incentives Inventory

No.	The name or title of the incentive measure	Federal Level / State Level	Description of Incentive Benefits	Eligibility or Qualification criteria (description)	Year Incentive Introduced	The name of the legal document / legal reference instrument	Incentive Duration	Sector	Implementing Agency * (this refers to agency administering any application)	Awarding Agency or Authority in charge of allocation*
1	Tax Holidays	State Level	Tax Holiday is granted to new Business/Investor	New Investors/businesses with less than 50 staff would have their PAYE on staff salaries and income waived first year of operations	2022	Borno State Harmonized Revenue Law, 2020 -as amended(2022)	Initial Year of Startup of Business	All sectors	Borno State Internal Revenue Services	Borno State Internal Revenue Services
2				ii. New Investors/businesses which have an annual turnover of less than N100 Million would have Withholding tax payable to BO-IRS arising out of their individual and enterprise contractors waived for the first year of operations.	2022	Borno State Harmonized Revenue Law, 2020 -as amended(2022)	Initial year of Startup of Business	All sectors	Borno State Internal Revenue Services	Borno State Internal Revenue Services
3	Downward Review of Right of Way (ROW) Charges	State Level	Reduction of ROW fees-Fibre Optic from N1500 to N145 per linear meter	All Telecom and Corporate Organizations	2022	Executive Approval on Downward Review of Right of Way Charges	One time application	All sectors	Borno State Urban Planning and Development board	Borno State Urban Planning and Development board
4	Tax exemption on proceeds re-invested	Federal Level	Gains accruing to unit holders in a trust in respect of disposal of securities, shall not be chargeable on tax provided the proceeds are re-invested	The proceed must be reinvested	2004	Section 33 Capital Gains Tax Act (CGTA)	Liveline of the invested proceeds.	All sectors	Federal Inland Revenue Service	Nigerian Investment Promotion Commission
5	Rural investment allowance	Federal Level	In line with Section 34, Company Income Tax Act (CITA) provides where a company incurs capital expenditure on the provision of facilities such as electricity, water or tarred road for the purpose of a trade or business, such company shall enjoy an additional allowance under the Second Schedule of CITA at the appropriate rate as follows: -No facilities at all 100% -No water 30% -No electricity 50% -No tarred road 15%	i. The company must be located at least 20 kilometres away from such facilities provided by the government; ii. Cannot be enjoyed if already enjoyed provision of Section 32: Reconstruction investment allowance; iii. allowance can only be applied against the profit of the year in which such investment (facility) was completed.	2020	Section 34 CITA	Year of Incuring Capital Expenditure	All sectors	Federal Inland Revenue Service	Nigerian Investment Promotion Commission
6	Exemption from paying tax by Small Business and 20% for medium companies	Federal Level	Small Companies: Companies with less than N25Million Turnover. Such Companies are exempted from paying tax, but they must keep filing returns Medium Companies: Companies with Investment above N25 Million to N100 Million are paying tax at 20%.	Must have annual turnover of less than N25 Million for Small Companies and above N25 Million to N100 Million for Medium Companies	2020	Finance Act 2020	When Annual Turn Over exceed N25 Million for Small Companies and Exceed N100 Million	All sectors	Federal Inland Revenue Service	Nigerian Investment Promotion Commission
7	Pioneer status incentive	Federal Level	Under IDITRA, companies engaged in industries/products approved as 'pioneer industries/products' shall be (a) granted income tax relief for a period of three years, which can be extended for a period of one year and thereafter another one year, or for one period of two years (Section 10(2)(a)(b) IDITRA); (b) exempted from paying tax on dividends paid by the pioneer company during the pioneer period to the extent that they are paid out of income exempted from tax (Section 17(3) IDITRA); and (c) the loss incurred during the tax relief period is also deemed to be incurred on the first day following the expiration of the tax relief period and can be carried forward to offset profits after the tax-exempt period.	The Criteria for granting Pioneer Status are: i. The goods and services are required in public interest; ii. The industry must have favourable prospects of further development in Nigeria; iii. The goods and services are in existence, but have not been developed to a state suitable for economic development; iv. An applicant must make a new application in the first year of production/service and must apply for an extension not later than one month after the expiration of the initial tax relief period of three years or an extension of one year; v. An applicant must be engaged in an activity listed as a pioneer industry or pioneer product; and vi. An applicant must provide evidence of all required legal and regulatory compliance documentation.	2011	Section 10 and 17 of the Supplement to Official Gazette No. 5, Vol. 51, 9th January, 1964—Part B . LN.2 of, 1964" ee 4 oo Lg INDUSTRIAL DEVELOPMENT (INCOME TAX RELIEF) ACT J (CAP. 87) Industrial Development (Income. TaxRelief) (Yeast) Order, 1964	Tax Holiday for 3years	Industrial Development	- Nigerian Investment Promotion Commission - Industrial Inspectorate Department, Federal Ministry of Industry, Trade and Investment - Federal Inland Revenue Service	- Nigerian Investment Promotion Commission - Industrial Inspectorate Department, Federal Ministry of Industry, Trade and Investment - Federal Inland Revenue Service

9	Gas utilization: Investment allowance	Federal Level	a. An initial tax free period of three years which may, subject to satisfactory performance of the business, be renewed for an additional period of two years. b. As an alternative an additional investment of 35% which shall not reduce the value of the asset. c. Accelerated capital allowances after free period that is i. an annual allowance of 90% with 10% retention for the investment in plant and machinery. ii. An additional allowance of 15% which shall not reduce the value of the asset. d. Tax free dividends during tax free period where the investment in the business was in foreign currency. i. The introduction of imported plant and machine during the period was not less than 30% equity share capital of the company.	For companies engaged in the trade or business of gas utilization in the down stream operations, an additional investment allowance of 35% (which shall not reduce the value of the asset) is allowed, as an alternative to the initial tax-free period granted	2007	Section 39 COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating thereto. [No. 28 of 1979, No. 11 of 2007.] [Date of commencement: 1st April, 1977]	Three years subject to renewal	Natural Gas	Federal Inland Revenue Service	Federal Inland Revenue Service
10	Value Added Tax Exempt on Unprocessed Food items	Federal Level	Outright exemption from VAT for any unprocessed staple food item, whether or not it is packaged. This, to FIRS, means that for a food item to be exempted from VAT, it must be a staple food item, and it must be unprocessed. Staple food is food that can be easily stored, and eaten throughout the year by a dominant part of a population. They include carbohydrates, wheat, barley, rice, potatoes, tinned food, milk, and things that do not need to be refrigerated.	i. Individuals/businesses engaged in production of unprocessed food staple item	1993	VALUE ADDED TAX ACT An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. [1993 No. 102.] [1st December, 1993] [Commencement 1	Tax Exemption with no time limit	Food production	Federal Inland Revenue Service	Federal Inland Revenue Service
11	Value Added Tax Exempt on all medical and pharmaceutical products.	Federal Level	Outright exemption from VAT for all medical and pharmaceutical products	i. companies engaged in the business of all medical and pharmaceutical products.	1993	VALUE ADDED TAX ACT An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. [1993 No. 102.] [1st December, 1993] [Commencement 1	Tax Exemption with no time limit	Medical and Pharmaceutical	Federal Inland Revenue Service	Federal Inland Revenue Service
12	Value Added Tax Exempt on all Baby Products	Federal Level	Outright exemption from VAT for all Baby Products	Companies engaged in the business of all baby products	1993	VALUE ADDED TAX ACT An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. [1993 No. 102.] [1st December, 1993] [Commencement 1	Tax Exemption with no time limit	Baby products	Federal Inland Revenue Service	Federal Inland Revenue Service

13	VAT exempted on the other goods	Federal Level	VAT Act list the following goods exempted from VAT; (a) Books and educational materials, (b) Fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment; (c) All exports; (d) Plants and machinery imported for use in Export Processing Zones; (e) Plants, machinery and equipment purchased for utilization in gas down-stream petroleum operations; and (f) Tractors, ploughs and agricultural equipment and implements purchased for agricultural purposes.	Companies engaged in: (a) Books and educational materials, (b) Fertilizer, locally produced agricultural and veterinary medicine, farming machinery and farming transportation equipment; (c) All exports; (d) Plants and machinery imported for use in Export Processing Zones; (e) Plants, machinery and equipment purchased for utilization in gas down-stream petroleum operations; and (f) Tractors, ploughs and agricultural equipment and implements purchased for agricultural purposes.	1993	VALUE ADDED TAX ACT An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. [1993 No. 102.] [1st December, 1993] [Commencement.]	Tax Exemption with no time limit	Education, Agriculture, Maritime and Petroleum	Federal Inland Revenue Service	Federal Inland Revenue Service
14	VAT exempted on the specific services	Federal Level	VAT Act list the following services exempted from VAT; 1. Medical services; 2. Services rendered by Microfinance Banks, People's Banks, and Mortgage Institutions; 3. Plays and performances conducted by educational institutions as part of learning; and 4. All exported services. 5. Tuition relating to the nursery, primary, secondary and tertiary education. 6. Airline transportation tickets issued and sold by commercial airlines registered in Nigeria. 7. Hire, rental or lease tractors, ploughs and other agricultural equipment for agricultural purposes.	Companies engaged in the provision on specific services exempted from VAT.	1993	VALUE ADDED TAX ACT An Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. [1993 No. 102.] [1st December, 1993] [Commencement.]	Tax Exemption with no time limit	Health, Banking, Education and Telecommunication	Federal Inland Revenue Service	Federal Inland Revenue Service
15	Enhanced capital allowance (tax depreciation) regime	Federal Level	(a) 95% capital allowance is enjoyed in the year a qualifying expenditure is incurred pursuant to Paragraph 24 Table 1 & 2 Second Schedule of CITA (b) Companies engaged in wholly agricultural activities are entitled to unrestricted capital allowances pursuant to Paragraph 24 (7) CITA (c) Companies engaged in wholly agricultural activities are entitled to carry forward unutilized capital allowances indefinitely.	companies that engaged in agricultural activities	2007	COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating thereto. [No. 28 of 1979, No. 11 of 2007.] [Date of commencement: 1st April, 1977]	Year of qualifying expenditure	Agriculture	Federal Inland Revenue Service	Federal Ministry of Agriculture and Rural Development
16	Exemption from minimum Corporate Tax	Federal Level	Section 33(3) a CITA, exempts the income of a company carrying on agricultural trade from payment of minimum tax	Companies engaged in agricultural trades	2007	COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating thereto. [No. 28 of 1979, No. 11 of 2007.] [Date of commencement: 1st April, 1977]	Tax Exemption with no time limit	Agriculture	Federal Inland Revenue Service	Federal Ministry of Agriculture and Rural Development

17	Company Income Tax exemption for Solid Miniral mining	Federal Level	Section 36 Company Income Tax Act provides that a new company going into the mining of solid minerals shall be exempt from tax for the first three years of its operation.	Mining companies engaged in solid mineral excavation	2004	COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating	Tax exemption for first 3years	Solid Minerals	Federal Inland Revenue Service	Federal Inland Revenue Service
18	95% accelerated capital allowance	Federal Level	Second Schedule CITA provides accelerated capital allowance at 95% of qualified capital expenditure on Mining in the first year of use of the asset.	Mining companies or mining related business	1977	COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating thereto. [No. 28 of 1979,	First year of use of asset	Solid Minerals	Federal Inland Revenue Service	Federal Inland Revenue Service
19	25% of income in convertible currencies exempted from tax	Federal Level	Section 37 CITA allows twenty five per cent of incomes in convertible currencies derived from tourists by a hotel shall be exempt from tax.	Hotels/agents handling toursim.	2004	COMPANIES INCOME TAX ACT An Act to consolidate the provisions of the Companies Income Tax Act 1961 and to make other provisions relating thereto. [No. 28 of 1979,	Tax Exemption with no time limit	Tourism/ Hospitality	Federal Inland Revenue Service	Federal Ministry of Information and Culture (Nigerian Tourism Development Corporation)

Signed
 The Honourable Commissioner
 Borno State Ministry of Finance , Budget and Economic Planning
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