

Introduction

The very significant drop in crude oil prices, with the resulting recession or decline in economic activities, has again brought to the fore-front the necessity to diversify from a sole oil export dependent economy, to a multi-faceted products and services economy.

The generally held opinion that more legislation is required to promote non-oil export businesses may not be absolutely correct unless a prior review of the existing export legislations, and how well these existing legislations have fared in diversifying the economy, is examined.

Export (Incentives & Miscellaneous Provisions) Act

The Export (Incentives and Miscellaneous Provisions) Act provides for various incentives to exporters of locally manufactured goods.

The Nigerian Export Promotion Council (NEPC) is, to the exclusion of all other Government Agencies charged with administering export incentives under Nigerian Law.

Export Licence?

Though the production of an Export Licence is no longer required, all raw or unprocessed commodities, whether mineral or agricultural, shall be exportable on the fulfillment of the following conditions precedent, namely; (a) registration with, and payment of an Export Levy to NEPC; (b) compliance with all applicable taxes; and (c) compliance with all existing Foreign Exchange Regulations by the Exporter.

Export Expansion Grant Fund

To diversify and increase the volume and the value of exportable goods, the Export Expansion Grant Fund is established to provide cash inducement to Exporters whose exports fulfill the objectives of the Grant.

In addition to meeting the above objectives, Exporters must also produce evidence that they exported the subject goods, with further evidence of the receipt of the proceeds of the export been confirmed by the Central Bank of Nigeria (CBN). Where there is any discrepancy in the documents provided by the Exporter to NEPC, the documents from the CBN shall be relied upon by the NEPC when administering this and other Export Incentives.

Export Development Fund

The Export Development Fund was created to provide financial assistance to private sector exporting companies to cover some of their initial export promotion expenses; like for example, attending training courses, seminars, workshops; undertaking research, data collection, advertising and publicity campaigns in foreign market; product designs, etc.

Income to the Export Development Fund comes from contributions made to it by the Federal Government of Nigeria, and from private sector Exporters.

Export Adjustment Scheme Fund

The Export Adjustment Scheme Fund

is another Export Incentive Scheme created to serve as a supplementary export subsidy, to hedge against any high cost of production arising from infrastructural deficiencies and such other factors that are beyond the control of the Exporter. An Exporter intending to benefit from this Export Subsidy must apply to NEPC with accurate verifiable information regarding the exact cost to its export business, of the infrastructural deficiencies or such other factors, which must be

beyond the control of the Exporter.

Manufacture-In-Bond Scheme

An Exporter wishing to benefit from the Duty Draw-Back, Duty Suspension or Manufacture-in-Bond Schemes is required to submit an application for participation in these Schemes to the NEPC.

According to customs.gov.ng/website/Manufacture-in-BondScheme designed to encourage only Export Manufacturers to import duty-free, scarce and urgently needed raw materials, for the manufacturing of goods in Nigeria, destined for the export market. The mechanism of the Manufacture-in-Bond Scheme works by such imported raw materials been backed by a Bond issued on behalf of the Exporter, by a recognised Nigerian Commercial or Merchant Bank, or an Insurance Company, or the Nigerian Export-Import Bank (?NEXIM?).

The Manufacture-in-Bond is discharged - i.e. the imported raw material is deemed duty-free - once evidence of the imported raw material, and the latter export of the manufactured goods from the imported raw materials, and the repatriation of the foreign proceeds from such import, are produced and confirmed by CBN.

Pioneer Status - Export Incentive

Any Manufacturer, intending to export at least fifty percent (50%) of its manufactured goods is entitled to apply to NEPC for Pioneer Status tax exemption. It is the responsibility of NEPC to screen all such applications, and submit its recommendations to the Minister of Industry, Trade and Investment for approval.

Export Processing Zones - Incentives

The Nigerian Export Processing Zones Act provides for the establishment of Export Processing Zones in any part of Nigeria.

Export Processing Zones (?EPZ?) are duty-free centres designed to boost manufacturing activities that are primarily destined for export.

Exporters involved in export manufacturing activities in any EPZ enjoy numerous export incentives among which are exemption from all taxes, levies, duties and foreign exchange regulations within the EPZ; 100% ownership and easy repatriation of foreign exchange investment proceeds, including profits and dividends, arising from manufacturing activities within any EPZ; relaxed expatriate engagement within any EPZ; and subject to obtaining a valid permit and paying the appropriate duties, permission to sell up to 25% of its manufactured goods within Nigeria.

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