



## LAGOS INVESTMENT INCENTIVES

### TRADE INCENTIVES & TAX

In creating a conducive business environment, the Lagos State government has put in place a wide range of fiscal incentives. Some of the main incentives are import concessions, tax exemption for exported products and tax reductions for qualifying companies



Companies that take advantage of the incentives will be able to set up proper structures

#### **Housing**

Lagos State is willing to offer these incentives to encourage investment in the housing sector

Subsidizing statutory fees for PPP participants

Fast-tracking the issuance of land titles, to enable investors obtain funding quicker

#### **Tax related incentives also include:**

Zero tax on rental income during pioneer period

Pioneer status incentive when certain requirements are met.

Capital gains from property disposed within 3-5 years is not subject to tax

CGT-10% WHT-10% Stamp duties – 2% Property levy – Residential – 0.5% – Malls- 1.25% – Industrial-0.5%



Federal Ministry of Lands, Housing and Urban Development  
Federal Housing Authority  
Lagos State Real Estate Transaction Department  
Real estate Developers Association of Nigeria  
Nigerian Institute of Estate Surveyors and Valuers

### **Retail**

#### **Tax related incentives also include:**

Exemption from capital gains tax on disposal of assets  
Zero VAT on basic food items  
CIT- 30% ET-2% WHT-10%  
Standard Organisation of Nigeria  
National Agency for Food and Drug Administration and Control

### **ICT**

#### **Tax related incentives also include:**

50% reduction in WHT on dividends payable to an investor in Venture project company  
Capital allowance of 100% spread over 5 years  
Zero capital gains tax on capital disposal within 5 years  
CIT- 30% ET-2% Custom duties – 5%-75%  
National Information Technology Development Agency  
National Electronic Commerce Council.

### **Power**

There is up – front funding in form of capital subsidies to cover part of the initial capital cost by the Nigeria Gap Fund for PPP

#### **Tax incentives also include:**

Zero duty on purchase of power generation equipment  
20% capital allowance for 5 years  
Tax holiday of 5-7 years granted to companies that manufacture transformers, meters, control panels, switch gears, cable and other electrical related equipment.  
CIT – 30% ET-2% WHT-10%  
Nigerian Electricity Regulatory Commission  
Federal Ministry of Power  
Lagos State Electricity Board

### **Transportation**

Lagos State government is willing to enter into a PPP arrangement in the operation of water transportation

#### **Tax related incentives also includes:**

Initial capital allowance of 30% on purchase of vehicles  
Restriction of tax charged for shipping and airline companies to activities carried out in Nigeria  
Tax holiday of 5- 7 years for ship building, maintenance of vessels, manufacturing and maintenance of aircraft  
Exemption from VAT for commercial vehicles and spare parts purchased



CIT- 30% ET- 2% WHT-10%

Lagos Metropolitan Transportation Authority

National Union of Road Transport Workers

### Health

Companies involved in the formulation and manufacture of pharmaceuticals qualifies for pioneer status incentive.

**Tax related incentive includes:**

Tax holiday of 3-5 years

CIT- 30% ET- 2% WHT-10%

National Agency for Food and Drug Administration and Control

National Health insurance Scheme

Nigerian Medical Association

Lagos State Ministry of Health

### Tourism

**Tax related incentive includes:**

25% of income derived from tourism by hotels in convertible currencies will be exempted from tax

Tax holiday of 3 -5 years

Import duty exemption on tourism related equipment

Provision of land for tourism development at concessional rates

Availability of soft loans with long period of moratorium

CIT – 30% ET – 2% WHT – 10%

National Film& Video Censors Board

Nigerian Copyright Commission

Nigerian Broadcasting Corporation

Lagos State Ministry of Tourism and Inter- Governmental Relations

### Environment

**Tax related incentive includes:**

Rent free land at construction stage in free zone areas

Repatriation of foreign capital investment with capital appreciation on investment

Import duty-free raw materials input

CIT- 30% ET- 2% WHT-10%

Lagos State Waste Management Authority

Lagos State Environmental Protection Agency



### OTHER GENERAL INCENTIVES

As part of the efforts to provide an enabling environment the government has passed aggressive incentives for investors to benefit

#### Lekki Free Trade Zone (LFTZ)

The State Government has obtained approval from NEPZA for the development of the free trade zone. A minimum investment of \$500,000 is required by approved enterprises to operate in the free trade zone.

#### Pioneer Status

Five-year tax holiday in respect of industries located in economically disadvantaged local government area of the Federation

#### Research & Development Incentive

Up to 10% of profits set aside as reserve for Research and Development qualify as allowable expenses

Up to 120% of expenses on Research and Development are tax deductible provided that such research and development activities are carried out in Nigeria and are connected to the business from which income or profit is derived

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Lagos State Sustainable Development Goals & Investment