



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



Furthermore, companies that take advantage of the incentives will be able to set up proper business structures. Amongst others, the sectoral analysis of the State's Incentives scheme are as follows:

A. Housing

Lagos State is willing to offer these incentives to encourage investment in the housing sector, Subsidizing statutory fees for PPP participants; and 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

B. 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
- Free National Agency for Food and Drug Administration and Control Registration

C. 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.

D. 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



E. 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

F. 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

G. 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



H. 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

Mrs. Abosede George

The Permanent Secretary

Lagos State Sustainable Development Goals & Investment

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