

NIGERIAN EXPORT PROMOTION COUNCIL



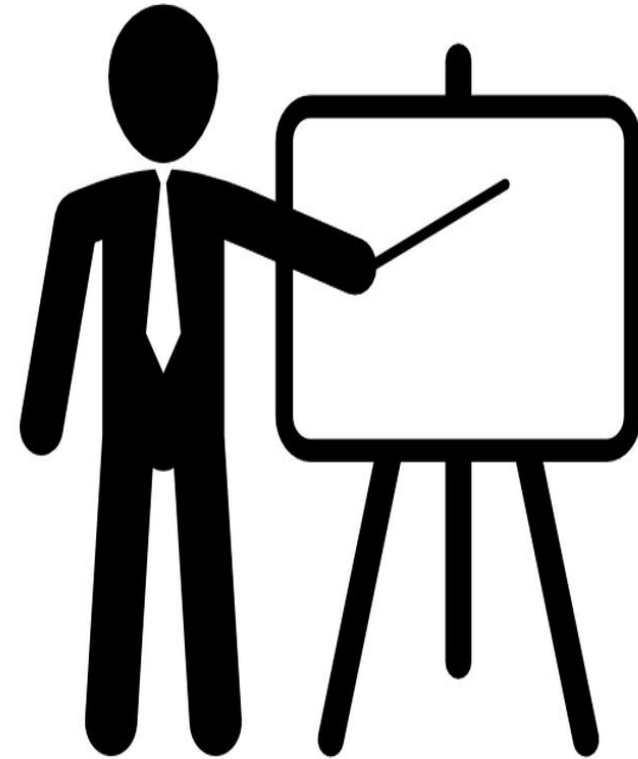
UNDERSTANDING TAX RELIEF ON INTEREST INCOME SCHEME (TRII-S) GUIDELINES

*.....an incentive for
manufacturing exporters*



Outline

- NEPC Core Function
- Vision and Mission
- Introduction
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- Objectives of the Scheme
- Eligibility Criteria
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Core Functions



The Nigerian Export Promotion Council (NEPC) is a Federal Government Agency, established by Decree number 26 of 1976 with subsequent amendments in 1986 and 1992 to perform the following key functions:

- *Promote the development and diversification of Nigeria's export trade.*
- Assist in promoting the development of export-oriented industries.
- Play a leading role in the creation of export incentives

Vision & Mission

VISION: To make the world a market place for Nigerian non-oil products

MISSION: To spearhead the diversification of the Nigerian economy by expanding and increasing non-oil exports for sustainable and inclusive economic growth



INTRODUCTION



The Nigerian Export Promotion Council Act No 26 of 1976, the Export (Incentives and Miscellaneous Provisions) Act of 1986 and the various amendments, in no doubt, charged the Council with the responsibilities of promoting the development and diversification of Nigeria's export trade; assisting in promoting the development of export-oriented industries and spearheading the development and administration of export incentives programmes of the Federal Government, amongst others

WHAT IS TAX RELIEF ON INTEREST INCOME



Tax Relief on Interest Income is one of the tax statutes established to encourage manufacturing of goods for export. According to section 11 (5) of Company Income Tax Act LFN, 2004, as amended states:

“Interest payable on loan granted by a Bank on or after April 1, 1980 for the purpose of manufacturing goods for export, shall be exempted from tax on the presentation of a certificate issued by the Nigerian Export Promotion Council stating that the level of export specified has been achieved by the company. A company shall be deemed to be engaged in manufacturing for export if the Nigerian Export Promotion Council certifies that no less than one half of its manufactured goods disposed of in its year account is sold outside Nigeria & is not re-exported to Nigeria.”

DEFINITION OF MANUFACTURING

Definition of Manufacturing

Is the process of transforming raw materials through the use of labour, machines, tools and chemicals or biological processing or formulation into products suitable for use.



OBJECTIVE OF THE TRII SCHEME



Objective of the Scheme

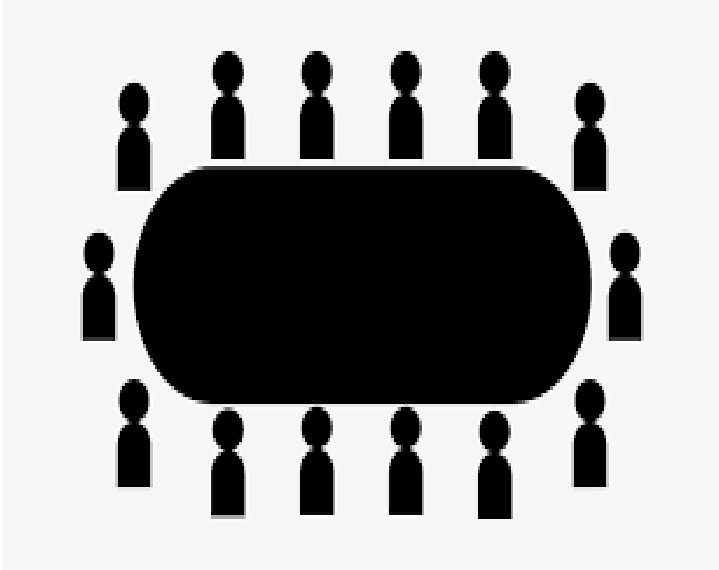
The objective of the Scheme is to stimulate and encourage banks to grant credit facilities to Nigerian exporters. The facility is extended to all banks granting loans for export activities and covers interest accruing from such loans.

ELIGIBILITY CRITERIA



- An intending beneficiary must be registered with Corporate Affairs Commission
- The company must be duly registered with NEPC
- Applicant must submit up to date Tax Clearance
- Company profile of Applicant must be submitted
- The company must be a manufacturer producer of goods made in Nigeria
- The company must engage in manufacturing for export and not less than one half of its manufactured goods disposed of in its year account is sold outside Nigeria and not re-exported to Nigeria
- The company must carry out formal export with its export proceeds repatriated into a domiciliary account in Nigeria and confirmed by the Central Bank of Nigeria
- The beneficiary must be ready to submit its financial Statement, information on operational capacity and loan application for review by the Committee

MEMBERSHIP OF THE COMMITTEE



- Federal Ministry of Industry, Trade and Investment
- Federal Ministry of Finance, Budget and National Planning
- Central Bank of Nigeria (CBN)
- Federal Inland Revenue Service (FIRS)
- Nigeria Customs Service (NCS)
- Nigerian Export Promotion Council (NEPC)

APPLICATION PROCEDURE

1. Companies should apply formally to the Council stating the details of their application (including load requested and the facility bank(s));
2. All applications to be submitted with relevant supporting documents;
3. All submissions shall be presented to the Committee for consideration;
4. For a company to be issued Export Manufactured Certificate (EMC), the facility must be visited;
5. The company shall provide to the Nigerian Export Promotion Council accurate information on the total revenue, both local sales and export sales;
6. Application documents under the Scheme shall include:
 - a. Audited Financial Statement for three preceding years, as applicable with relevant Notes to the Accounts.
 - b. Export documents, which shall include, amongst others;
 - c. Forms NXP duly certified by NCS, Pre-shipment inspection agents and processing bank
 - d. NEPC non-oil Data Form
 - e. Clean Certificate of Inspection (CCI)
 - f. Single Goods Declaration (SGD) forms, duly endorsed by Nigeria Customs Service
 - g. Final Commercial Invoice
 - h. Bill of Lading
 - i. Evidence of full repatriation of export proceeds
 - j. The company shall provide any other document as may be requested by the Committee.

The applicable interest rate shall be within the rate allowable by the Central Bank of Nigeria.




THE GUIDELINES contd.

ISSUANCE OF CERTIFICATE

- The NEPC shall issue the *Export Manufactured Certificates (EMC)* to duly qualified beneficiary companies. The validity of the Certificate shall be tied to the tenure of the loan.
- *Negotiable Export Manufacturer Certificate (NEMC)* may be issued to exporters to enable them conclude loan application with their bank(s).

FEDERAL GOVERNMENT OF NIGERIA
EXPORT MANUFACTURER CERTIFICATE



Pursuant to the Nigerian Export Promotion Council Act CAP 138 LFN 2004, the Export (Incentives and Miscellaneous Provisions) Act CAP E19 LFN 2004 and the Company Income Tax Act CAP C23 LFN, 2004

Issued by the
NIGERIAN EXPORT PROMOTION COUNCIL
on behalf of the
FEDERAL GOVERNMENT OF NIGERIA

Date of Issue:

The Government of the Federal Republic of Nigeria by this Certificate, which is governed by the Laws of the Federal Republic of Nigeria, shall allow tax exemption, based on the approved interest rate, on the interest income received from loans granted to **ABC LIMITED** with the following conditions:

Facilitating Bank(s):

.....

.....

Amount Granted: Interest Rate:

Repayment Commencement Date: Date of Expiry:

For and on behalf of the Government
of the Federal Republic of Nigeria

Honourable Minister
Federal Ministry of Finance, Budget & National Planning

Witnessed by:
Executive Director/CEO
Nigerian Export Promotion Council

FEDERAL GOVERNMENT OF NIGERIA
NEGOTIABLE EXPORT MANUFACTURER CERTIFICATE
(THIS IS NOT VALID FOR TAX RELIEF)



Pursuant to the Nigerian Export Promotion Council Act CAP 138 LFN 2004, the Export (Incentives and Miscellaneous Provisions) Act CAP E19 LFN 2004 and the Company Income Tax Act CAP C23 LFN, 2004

Issued by the
NIGERIAN EXPORT PROMOTION COUNCIL
on behalf of the
FEDERAL GOVERNMENT OF NIGERIA

Date of Issue:

The Government of the Federal Republic of Nigeria by the issuance of an **Export Manufacturer Certificate**, which is governed by the Laws of the Federal Republic of Nigeria, shall allow tax exemption, based on the approved interest rate, on the interest income received from loans granted to **ABC LIMITED**. The Negotiable Export Manufacturing Certificate is therefore granted to **ABC LIMITED** for negotiation with intended Bank(s) for the purpose of obtaining Tax Relief on Interest Income.


For and on behalf of the Government
of the Federal Republic of Nigeria

Executive Director/CEO
Nigerian Export Promotion Council

THE GUIDELINES contd.

VERIFICATION OF CLAIMS

Company visits shall be incorporated into a programme for validation of information submitted by the company and impact assessment of the scheme. The programme will include visit to validate financial as well as operational information provided by the company.



NIGERIAN EXPORT PROMOTION COUNCIL
HEADQUARTERS, PLOT 424 AGUIYI IRONSI STREET MAITAMA
P. M. B 133, GARKI, ABUJA

**TAX RELIEF ON INTEREST INCOME IMPLEMENTATION
COMMITTEE
(Manufactured Exports)**

FACTORY INSPECTION DATA FORM

1. Name of Company:

Address:

Telephone No. (s)

E-mail

Website

2. C. A. C. Registration No.

3. TIN No.

4. NEPC Registration No.

5. Brief Background of Company:

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6. (a) Location of Factory (s).....

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(b) Ownership Structure (Tick as appropriate) Fully Owned Partly

Owned Leasehold Toll Processing (Tick as appropriate) Fully Owned

Partly Owned Leasehold Toll Processing

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THE GUIDELINES contd.

VIOLATION OF GUIDELINES

Any violation of these guidelines by any claimants shall be handled by the Presidential Committee on Trade Malpractices and Economic and Financial Crimes Commission in conjunction with members of the Implementation Committee.



NIGERIAN EXPORT PROMOTION COUNCIL



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Best initiative to ensure that trade is inclusive and sustainable

