



KATSINA INVESTMENT PROMOTION AGENCY

List of
Investment
Incentives for
Investors

Investment Incentives

- **List of Investment Incentives in Katsina State**

- There are various incentives designed to support direct investments in the state’s priority sectors. This is in addition to continuous business-enabling reforms to ease the conduct of business activities in the state.
- These investment incentives are offered at both federal and state levels and include tax waivers, and land allocation, among others, to investors in preferred sectors.
- At the Federal level, the Nigeria Investment Promotion Commission, the NIPC, (established by the Nigerian Investment Promotion Act Chapter N117 Laws of the Federation of Nigeria 2004) has the mandate to encourage, promote, facilitate and coordinate investments in Nigeria.
- For Investment Policies and Protections, investors should visit: <https://www.nipc.gov.ng/compendium/1-investment-policies-and-protections/>

Federal Incentives	State Incentives
Pioneer Status	General
Tax Incentives	Sustainable / Green Incentives
Tariff-Based Incentives	
Export Incentives	
Special Economic Zones	

List of Federal Investment Incentives for Katsina's Priority Sectors

- **Federal Investment incentives are categorized into**

- Tax Incentives: <https://www.nipc.gov.ng/compendium/2-general-tax-based-incentives/>
- Sector-specific Incentives: <https://www.nipc.gov.ng/compendium/3-sector-specific-incentives/>
- Tariff-Based Incentives: <https://www.nipc.gov.ng/compendium/4-tariff-based-incentives/>
- Export Incentives: <https://www.nipc.gov.ng/compendium/5-export-incentives/>
- Special Economic Zones Incentives: <https://www.nipc.gov.ng/compendium/6-special-economic-zones/>

Federal Tax Incentives

Incentive	Description	Duration	Legal Document	Awarding & Implementing Agency	Eligibility	Year Introduced
Pioneer Status	Pioneer status offers profits and dividends tax holiday of up to five years, granted to designated pioneer industries. 99 designated pioneer industries including; Agriculture, Mining Manufacturing Tourism, Property development, Utilities sectors	Up to 5 Years	Companies Income Tax Act CAP. C21 LFN 2004, as amended 2007 (Section 10(2)(a)(b) Industrial Development (Income Tax Relief) Act (No. 22 of 1971) as amended 2014	<ul style="list-style-type: none"> Nigerian Investment Promotion Commission Industrial Inspectorate Department, Federal Ministry of Industry, Trade and Investment Federal Inland Revenue Service (FIRS) 	<ul style="list-style-type: none"> Applications must be made within the first year of operational activities. Applicant must be engaged in activities listed as pioneer industry or product. N100,000,000 (One Hundred Million Naira). More eligibility criteria here 	<ul style="list-style-type: none"> 1971
Deduction for Research & Development	<p>Incentives are available through a number of schemes to encourage companies to undertake research and development (R&D), with including</p> <ul style="list-style-type: none"> Up to 10% of profits set aside as a reserve for R&D qualifying as allowable expenses Expenditure on commercializing R&D qualifies for a 20% investment tax credit 100% expensing of R&D deemed to include a levy payable to a qualifying R&D institution Corporate contributions to R&D carried out by universities and research institutions to be tax deductible up to a maximum of 10% of profits. 	Transaction Year	Section 26, Companies Income Tax Act CAP. C21 LFN 2004, as amended 2007	<ul style="list-style-type: none"> Federal Inland Revenue Service (FIRS) 	For companies undertaking R&D activities for commercialization.	<ul style="list-style-type: none"> 2004

Federal Incentives: Tax

Incentive	Description	Duration	Legal Document	Awarding & Implementing Agency	Eligibility	Year Introduced
Rural Investment Allowance	<p>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:</p> <p>No facilities at all 100%; No water 30%; No electricity 50%; No tarred road 15%</p>	the relief shall be for each year expenditure is incurred on each of such facilities;	Section 34, Companies Income Tax Act CAP. C21 LFN 2004, as amended 2007	<ul style="list-style-type: none"> Federal Inland Revenue Service (FIRS) 	<ul style="list-style-type: none"> The company must be located at least 20KM away from such facilities provided by the government; It cannot be enjoyed if already enjoyed the provision of S32: Reconstruction investment allowance Allowance can only be applied against the profit of the year in which such investment (facility) was completed. 	<ul style="list-style-type: none"> 2007
Investment Tax Relief	<p>Similarly, the company's income tax law provides that where a company has incurred an expenditure on electricity, water, tarred road or telephone for the purpose of a trade or business carried on by the company, the company shall be allowed an "investment tax relief" at the following rates of expenditure:</p> <p>No facilities at all 100%; No water 30%; No electricity 50%; No tarred road 15%</p>	the relief shall be for each year expenditure is incurred on each of such facilities; for 3 years maximum for companies that have not enjoyed pioneer status.	Section 40, Companies Income Tax Act CAP. C21 LFN 2004, as amended 2007	<ul style="list-style-type: none"> Federal Inland Revenue Service (FIRS) 	<ul style="list-style-type: none"> The company must be located at least 20KM away from such facilities provided by the government. 	<ul style="list-style-type: none"> 2007

Federal Incentives: Tax

Incentive	Description	Duration	Legal Document	Awarding & Implementing Agency	Eligibility	Year Introduced
Tax Credit Allowable Derived from Outside Nigeria	<p>When income is earned from a source outside Nigeria and brought in through approved channels, the resident shall enjoy a tax credit (Personal Income Tax) against tax payable by him.</p> <p>The tax credit shall not exceed the proportion of his total tax for the year of assessment which that income derived from outside and brought into Nigeria bears to his aggregate income chargeable to tax in Nigeria.</p>	<ul style="list-style-type: none"> Valid for Year of Assessment 	Section 11, Personal Income Tax Act CAP. P8 LFN 2004	<ul style="list-style-type: none"> Federal Inland Revenue Service (FIRS) State Boards of Internal Revenue Service 	<ul style="list-style-type: none"> Provided the equity participation of the person in the company paying the dividends is either wholly paid for in foreign currency or by assets brought into Nigeria between 1 January 1987 and 31 December 1992; 	<ul style="list-style-type: none"> 2004
Exemption of interest on loan granted by banks	<p>Interest exempted on any loan granted by a bank to a person engaged in:</p> <ul style="list-style-type: none"> Agricultural trade or business; Fabrication of any local plant and machinery 	<ul style="list-style-type: none"> Up to 5 years 	Section 19(7), Personal Income Tax Act CAP. P8 LFN 2004	<ul style="list-style-type: none"> Same as above 	<ul style="list-style-type: none"> and if the person to whom the dividends are paid owns not less than 10 per cent of the equity share capital of the company. 	<ul style="list-style-type: none"> 2004
Exemption of dividend from tax	<ul style="list-style-type: none"> Dividends paid to a person by a company incorporated in Nigeria 		3 rd Schedule, Personal Income Tax Act CAP. P8 LFN 2004	<ul style="list-style-type: none"> Same as above 		<ul style="list-style-type: none"> 2004

Federal Incentives: Tariff-Based

Incentive	Description		Legal Document	Awarding & Implementing Agency	Eligibility	Year Introduced
<p><u>TARIFF-BASED INCENTIVES</u></p> <ul style="list-style-type: none"> • AGRICULTURE: Agriculture, Agro-allied and Agro-processing • Agricultural Commodities 	<ul style="list-style-type: none"> • Duration: All Valid for Year of Trade • 0% Import duty on agriculture equipment and machinery • 0% Import duty rate greenhouse equipment • 10% Import duty rate and 20% Levy on husked brown rice 		<p>Customs and Excise Management act No 20 of 2003</p> <p>Same as above</p>	<ul style="list-style-type: none"> • Federal Ministry of Finance • Federal Inland Revenue Service • Nigeria Customs Service • Same as above 	<ul style="list-style-type: none"> • <u>General Requirements</u> • Evidence of registration with the Corporate Affairs Commission • Tax compliance by means of Tax Identification Number; • Certification by relevant Ministry (where applicable) – agriculture, automotive, greenhouses and power. 	<ul style="list-style-type: none"> • 2003
<ul style="list-style-type: none"> • TRANSPORTATION: Aviation 	<ul style="list-style-type: none"> • 0% Import duty on commercial aircraft 		<p>Customs and Excise Management act No 20 of 2003</p>	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • HS Heading 88 only for registered commercial aircraft operators 	<ul style="list-style-type: none"> • 2003
<ul style="list-style-type: none"> • POWER: Electricity Generation, Distribution and Transmission 	<ul style="list-style-type: none"> • 0% Import duty on equipment & machinery in the power sector 		<p>Customs and Excise Management act No 20 of 2003</p>	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • HS Headings 84, 85 and 90 	<ul style="list-style-type: none"> • 2003
<ul style="list-style-type: none"> • SOLID MINERALS: Mineral Mining 	<ul style="list-style-type: none"> • 0% Import duty on equipment & machinery in the mineral mining sector 		<p>Customs and Excise Management act No 20 of 2003</p>	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • HS Headings 84, 85 and 90 	<ul style="list-style-type: none"> • 2003
<ul style="list-style-type: none"> • MANUFACTURING : Sugar Processing 	<ul style="list-style-type: none"> • 5% Import duty rate and 5% levy on raw sugar import for local processing 		<p>Customs and Excise Management act No 20 of 2003</p>	<ul style="list-style-type: none"> • Same as above 	<ul style="list-style-type: none"> • HS 1701.11.00.00 – 1701.12.00.00 Available to sugar refineries that are signed onto the backward integration 	<ul style="list-style-type: none"> • 2003

Federal Incentives: Export

Incentive	Description	Legal Document	Awarding & Implementing Agency	Eligibility	Year Introduced
<p><u>EXPORT INCENTIVES</u></p> <p>Export Expansion Grant (EEG) Scheme</p>	<ul style="list-style-type: none"> Provides for a post-shipment incentive designed to improve the competitiveness of Nigerian products and commodities and expand the country's volume and value of non-oil exports Duration: Valid for Year of Trade 	<ul style="list-style-type: none"> Export (Incentives and Miscellaneous Provisions) Act, No. 65 of 1992, Cap. E19, Laws of the Federation of Nigeria (LFN) 	<ul style="list-style-type: none"> Federal Ministry of Industry, Trade and Investment Regulator: Nigerian Export Promotion Council 	<ul style="list-style-type: none"> Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the date of export and as approved by the EEG Implementation Committee 	<ul style="list-style-type: none"> 1992
<p><u>SPECIAL ECONOMIC ZONES:</u></p> <p>Export Processing Zones Incentives</p>	<ul style="list-style-type: none"> 100% capital allowance 100% foreign ownership of investment; (b) Free transferability of capital, profits and dividends by foreign investors; (c) Rent-free land at construction stage, thereafter rent shall be payable; (d) All industrial undertakings including foreign companies and individuals operating in an Export Processing Zone are allowed full tax holiday from Federal, States and Local Governments; (e) Duty-free, tax free on import of raw materials for goods destined for re-export; (f) Waiver on all import and export licenses; and (g) Waiver on all expatriate quotas for companies operating in the zones. Duration: Valid for Year of Trade 	<ul style="list-style-type: none"> Section 35(1), Companies Income Tax Act CAP. C21 LFN 2004, as amended 2007 Export (Incentives and Miscellaneous Provisions) Act, No. 65 of 1992, Cap. E19, Laws of the Federation of Nigeria (LFN) 	<ul style="list-style-type: none"> Federal Ministry of Industry, Trade and Investment Regulator: Nigeria Export Processing Zones Authority 	<ul style="list-style-type: none"> Entity must be approved by NEPZA under the NEPZA Act and operating within an approved Zone. 	<ul style="list-style-type: none"> 1992

Katsina State Unique Investment Incentives

The Katsina state government is committed to attracting and partnering with private investors who will invest in the development of its strategic sectors. The government has designed a set of incentives that combined with specific Federal incentives will boost the return on investments for all stakeholders.

More specifically, the state has committed to providing additional incentives in land allocation and other fiscal waivers to encourage investors in the strategic sectors to boost their productivity and profitability.

The targeted sectors for strategic investments in Katsina state include the following:

- Agri-business
- Solid Minerals mining and development
- Hospitality and Creative Arts
- Power
- Property Development

Katsina State Priority Investment Areas

As *stated by His Excellency, Rt. Hon. Aminu Bello Masari, CFR, Fnim (Dallatun Katsina) Governor of Katsina State, “ For quick wins, the Government will give priority to Investors willing to invest in the following:-

* Welcome Address, the Katsina State Investors’ Handbook,

- Large Scale Rice/Wheat Production and Processing;
- Medium to Large Scale Sugar Production;
- Tannery;
- Large Scale Tomato Production and Processing;
- Fertilizer Blending Plant;
- Livestock Production and Meat Processing;
- Plantation for economic trees such as:
 - Gum Arabic;
 - Shea Nut;
 - Moringa; and
 - Locust Bean
- Hospitality and Creative Arts;
- Solid Minerals Exploration and Exploitation; and
- Power Generation;”

Katsina State Investment Promotion

- **The Katsina State Investment Promotion Agency Law 2017** empowers the KIPA to advise the government and compile special investment incentives for strategic or major investments in consultation with appropriate government agencies.

State Investment Incentives

Incentive	Description of Benefits	Duration	Eligibility Criteria	Legal Instrument	Year Introduced	Awarding/ Implementing Agency	No. of Incentive Beneficiaries
Land Concession	Free land allocation of up to 10Ha of land to eligible investors	Up to 15 years. 10 years and extendable over another 5 years.	a joint venture or wholly foreign-owned company and an indigenous company must have a non-current tangible asset of over N100,000,000 (One Hundred Million Naira) . Investment activity must be listed under the State's priority sectors	State's official statement on investment focus in Investors' Handbook 2016 ; Executive Order No. 0xx of 2022 on Investment Incentives Katsina State Lan Use Act	2016 2022	The State Ministry of Lands and Survey	Thirty Four (34)
A waiver on business premises registration	An exemption to investors from payment of business premises registration fees	Up to 5 years	a joint venture or wholly foreign-owned company and an indigenous company must have a non-current tangible asset of over N25,000,000 (Twenty Five Million Naira) . Minimum employee size of 15.	Executive Order No. 00xx of 2022 on Investment Incentives: Waivers on Business Premises.	2022	Ministry of Commerce, Industry & Tourism/ Internal Revenue Service Board implements	Not yet
A waiver on Ground Rent, Premium and Development Levy	Exemption to investors from payment of Ground Rent, Premium and Development Levies.	One-off period	a joint venture or wholly foreign-owned company and an indigenous company must have a non-current tangible asset of over N25,000,000 (Twenty Five Million Naira) invested in any of the State's priority sectors. The investor must not have	Sections 10, 16 and 17 of the Land Use Act.	2004	Ministry of Lands and Survey / Internal Revenue Service Board implements.	No yet

State Incentives (Contd.)

Incentive	Description of Benefits	Duration	Eligibility Criteria	Legal Instrument	Year Introduced	Awarding/Implementing Agency	No. of Incentive Beneficiaries
Micro and Small Enterprises Support Fund	Concessional loans (Interest-free) of up to N250,000.00 is extended to micro and small enterprises.	Once / 1 year period	Registration of business name Payment of business premises fee Must be in the agro-processing sector.	Executive Order No. 0xx of 2022 on Investment Incentives	2022,	Ministry of Commerce, Industry and Tourism.	Eight (08)
RIGHT OF WAY (RoW) CHARGES ON FIBRE OPTIC	Right of way (RoW) Fiber Optic Deployment throughout the State is free of charge per linear meter in katsina state	Four years	Registered Telecommunication Companies	Executive Order No. KTSLN NO. 0182023 RIGHT OF WAY (RoW) CHARGES OF FIBRE OPTIC EXECUTIVE ORDER 2023	2023	Urban and regional planning board	One (1)
Wednesday, December 13, 2023							