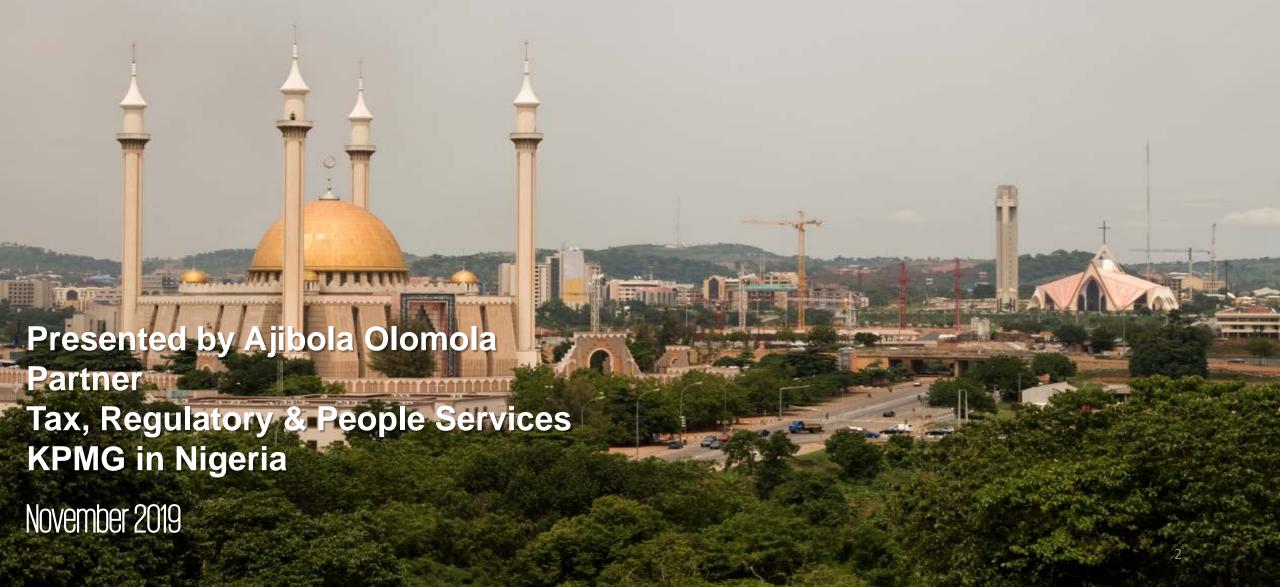
Implications of the Finance Bill, 2019



Contents



Thematic areas of the Finance Bill

Page 3



Key takeaways – sectorial implications

Page 4



Some stay awake issues following the passage of the Finance Bill, 2019

Page 5

04

Key next steps

Page 6

Thematic areas of the Finance Bill, 2019

Nigeria's tax laws are generally outdated. The Finance Bill, therefore, aims to begin a process to reset the fiscal framework and position the country for economic growth and competitiveness.



The Finance Bill is expected to be passed annually together with the annual **Appropriation Bill**





- Amendment of EDT provisions
- Simplification of minimum tax rules
- Amendment of insurance tax rules
 Amendment of commencement and cessation rules
- Reforming domestic tax laws to align with global best practices
- Introduction of tax rules to capture the digital economy and services rendered offshore
- Introduction of thin capitalization rules
- Clarification on reverse charge rules
- Introducing tax incentives for investments in infrastructure and capital markets
- Introduction of securities lending rules
- Introduction of tax rules for Real Estate Investment Schemes
- Supporting small businesses in line with ongoing Ease of Doing **Business reforms**
- Reduced tax rates for SMEs
- Introduction of a VAT compliance threshold
- Raising revenues for Government, by various fiscal measures, including a proposed increase in the rate of VAT from 5% - 7.5%.



Key takeaways – sectorial implications

Financial Service Industry

- Deletion of onerous insurance taxation provisions.
- Enactment of an effective tax framework for SEClending transactions.
- Associated costs relating to exempt income must now be matched.

FMCG

- Tax-free dividends from investments in SME manufacturers.
- Increased transaction tax compliance burden (e.g. deduction of VAT on payment to offshore vendors for use of intangibles such as patents)



Real Estate

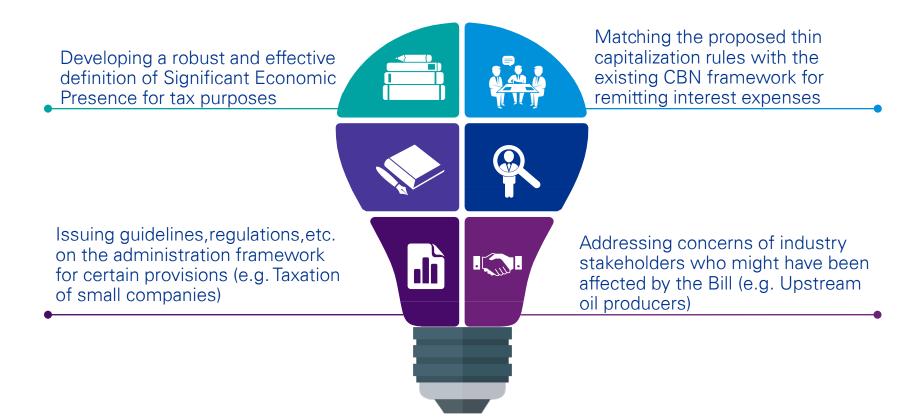
 Shareholders' investments in real estate companies will now be shielded from double taxation.

Oil and Gas

- Removal of WHT exemption on dividend distributed by upstream companies will further diminish shareholder investments.
- Pioneer companies in the downstream sector cannot extend their pioneer period by utilizing the Gas utilisation Incentive.

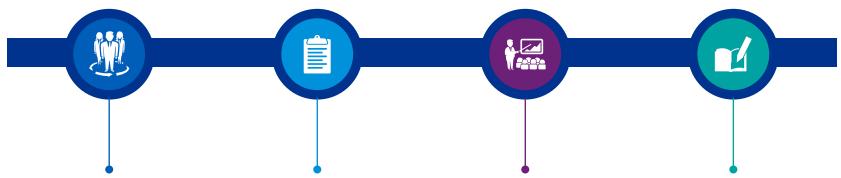


Some stay awake issues following the passage of the Finance Bill, 2019





Key next steps



Seek professional guidance on how the Bill would impact existing/ proposed investment decisions.

Reassess existing tax strategy framework to prevent undue tax exposures.

Seek out ways to proactively participate in stakeholder fora to address burning tax issues.

Check for relevance and accuracy in tax assessment notices received from tax authorities.





Thank you





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