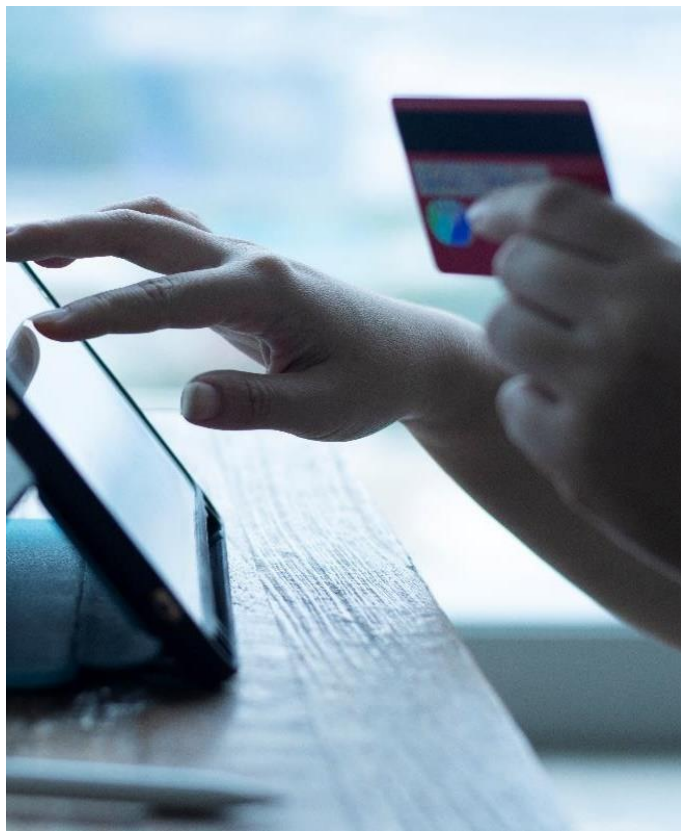




Highlights of the new Service Fee Schedule of the Nigerian Investment Promotion Commission

Background

On 2 September 2024, the Nigerian Investment Promotion Commission (NIPC) issued a revised Service Fee Schedule for business registration and Pioneer Status Incentives (PSI) application. The Fee Schedule has increased the cost of processing applications with the NIPC. This alert highlights the revised fees in the Fee Schedule.



2 Pioneer Status Incentive application

The fees for processing PSI are revised as follows:

- Application fee is now ₦500,000 (previously ₦200,000).
- Due diligence fee is now ₦1,000,000 (previously ₦500,000).
- Service charge fee is now ₦3,000,000 (previously ₦2,500,000).
- Annual service charge is now 1.5% of actual pioneer profits (previously 1%).
- Application for PSI renewal fee is now ₦250,000 (previously ₦100,000).
- Default penalty of ₦200,000 for new application and ₦100,000 for extension application. If there is no activity on an application for 90 days, it will be considered abandoned and attract a non-refundable default penalty fee.

The fees for PSI applications are effective on 1 October 2024. All applications submitted prior to 1 October 2024 will be processed based on the old fees.



1 Business registration with NIPC

The NIPC has revised the fees for business registration for companies with foreign equity participation as follows:

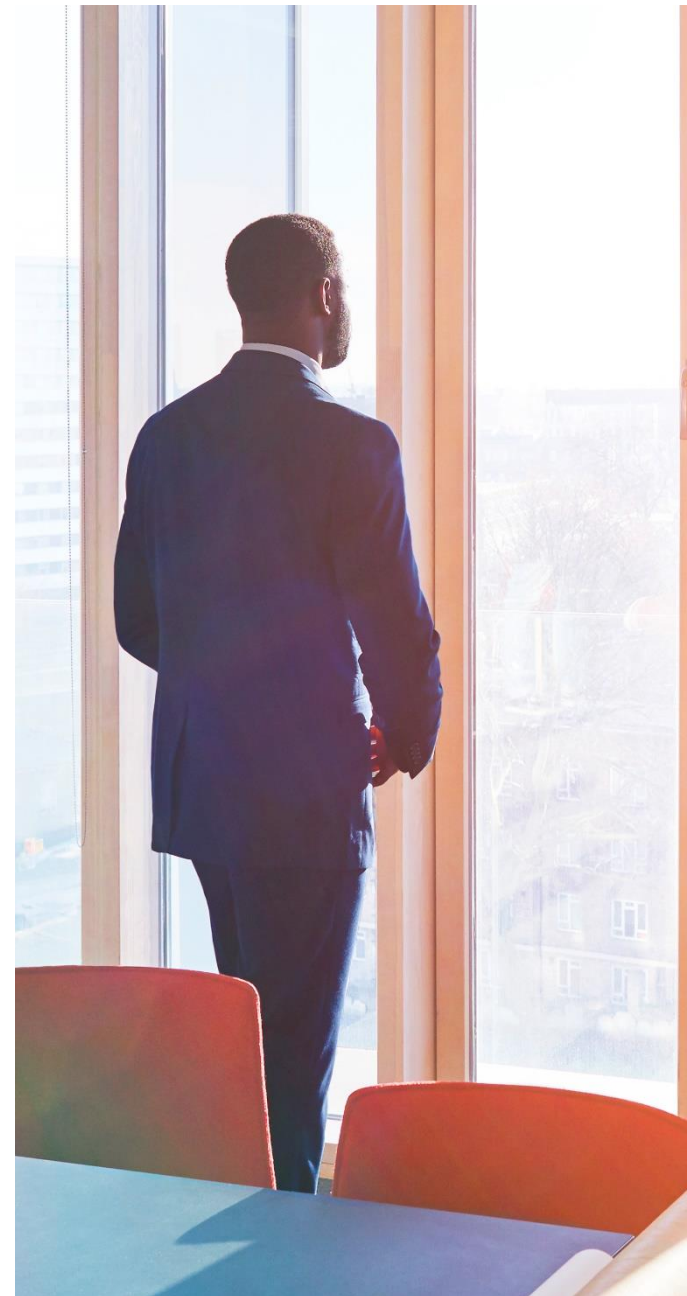
- Application fee of ₦150,000 (previously ₦15,000).
- Annual renewal fee of ₦50,000.
- Replacement fee for lost certificate is ₦100,000.

The annual renewal fee and replacement fee are new additions to the Fee Schedule. The annual renewal fee will take effect from 1 January 2025.



Takeaways

- The Fee Schedule is consistent with the powers of the NIPC in section 12 (2) (b) of the Nigerian Investment Promotion Commission Act (NIPC Act) to charge fees for services it renders. However, there are concerns that the Fee Schedule is more focused on revenue generation rather than regulatory compliance. Policymakers must balance revenue generation objectives with maintaining a conducive environment. The increase in some of the fees and the requirement to renew business registration annually add another layer of administrative and compliance burdens for business owners.
- Section 20 of the NIPC Act envisions a one-time business registration with the NIPC, with no provision for annual renewals. The introduction of the annual renewal requirement could be seen as regulatory overreach, placing unnecessary pressure on businesses to comply.
- Additionally, the fee increases for PSI applications presents a significant barrier for Small and Medium Enterprises (SMEs), further reducing the appeal of the initiative. The existing PSI registration and annual fee requirement has faced criticism for discouraging SMEs, and the higher fees only exacerbate the problem. Financial barriers like these can discourage innovation and growth of SMEs, and undermine the PSI's intended goals.



How PwC can help

PwC's Regulatory Business Solutions team helps businesses navigate the Nigerian regulatory terrain. Our services include Entity Set-up, Business registration, Pioneer Status Incentive application, and Compliance Services.

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