



CORPORATE SERVICES REGULATORY UPDATE

Nigerian Investment Promotion Commission (NIPC) Announces Revised Service Fees



Introduction

The Nigerian Investment Promotion Commission (**'NIPC'** or **'the Commission'**), established under the NIPC Act of 1995, is Nigeria's primary agency for attracting and coordinating domestic and foreign investments. By offering incentives and ensuring an investor-friendly environment, the NIPC helps drive economic growth and development. On 2nd

September 2024, the Commission issued a circular introducing a new service fee schedule. These revised fees, effective 1st October 2024, covers business registration, and applications for Pioneer Status Incentives (PSI).

¹ <https://punchng.com/fg-approves-creative-economy-development-fund/?amp>/accessed 5th November 2024.

Key Highlights of the Regulatory Update

1. Increase in Business Registration Fees

Businesses with foreign ownership seeking to operate in Nigeria must register with the NIPC to obtain a business registration certificate. The new fee structure includes:

- **Application Fee:** The application fee for business registration has been increased from ₦15,000 (Fifteen Thousand Naira) to ₦150,000 (One Hundred and Fifty Thousand Naira).
- **Annual Renewal Fee:** The Commission requires businesses to renew their registration annually, with the renewal fee set at ₦50,000 (Fifty Thousand Naira) only, applicable from 1st January 2025. This fee ensures businesses retain an active registration status annually.
- **Replacement Fee:** The Commission has introduced a new fee of ₦100,000 (One Hundred Thousand Naira) only for reissuing lost or damaged certificates.

2. Increase in Pioneer Status Incentive (PSI) Fees

The PSI program, designed to encourage investment in priority industries, offers tax holidays to qualifying businesses. Key changes include:

- **Application Fee:** An increase from ₦200,000 (Two Hundred Thousand Naira) to ₦500,000

(Five Hundred Thousand Naira).

- **Due Diligence Fee:** Increased to ₦1,000,000 (One Million Naira), a 100% increase from the previous ₦500,000 (Five Hundred Thousand Naira).
- **Service Charge:** The service charge for first-time applicants has been revised to ₦3,000,000 (Three Million Naira) only, alongside an annual service charge of 1.5% of actual profits, up from 1%.
- **Extension Applications:** For companies seeking to extend their PSI benefits, the application fee has been increased from ₦100,000 (Hundred Thousand Naira) only to ₦250,000 (Two Hundred and Fifty Thousand Naira) only, with an annual charge of 1.5% of actual profits, up from 1%.

3. Penalties for Inactivity on Applications

To discourage delays in the application process, NIPC has introduced penalties for PSI applications that remain inactive for over 90 (ninety) days. A fine of ₦200,000 (Two Hundred Thousand Naira) will apply to abandoned new applications, while extension applications will incur a penalty fine of ₦100,000 (One Hundred Thousand Naira) only.

Implications of the Revised Fee Structure

The NIPC's revised fee structure is set to enhance government revenue by increasing charges for business registration, and PSI applications, and imposing penalties for non-compliance. These changes, effective 1st January 2025, aim to provide the Commission with additional resources to streamline operations, facilitate investments, and implement programs that enhance Nigeria's attractiveness as an investment destination. This increased revenue is particularly important for Nigeria's economic diversification efforts and its ability to attract foreign investors across key sectors. A notable feature of the revised structure is the introduction of penalties for inactive PSI applications. Applications that remain dormant for 90 (ninety) days or more will now attract penalties, encouraging businesses to complete the process promptly. This addresses longstanding

inefficiencies caused by incomplete or delayed applications, improving the overall functionality of the system. Despite the higher fees, the PSI program continues to offer substantial benefits to qualifying businesses, particularly those in government-designated priority industries. The program provides tax holidays of up to five years, allowing companies to reinvest savings into growth and innovation. While the increased costs may pose initial challenges, the long-term benefits of the PSI program, including significant tax relief and support for business expansion, remain a cornerstone of Nigeria's investment framework.

Conclusion

The revised fee schedule introduced by the NIPC aims to enhance operational efficiency and sustainability while fostering a more transparent and responsive investment environment. Although businesses may need to adjust their financial strategies, they are encouraged to understand and

comply with the new requirements. Leveraging initiatives such as the PSI and other NIPC programs can help businesses benefit from incentives that support growth while contributing to Nigeria's economic development.

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