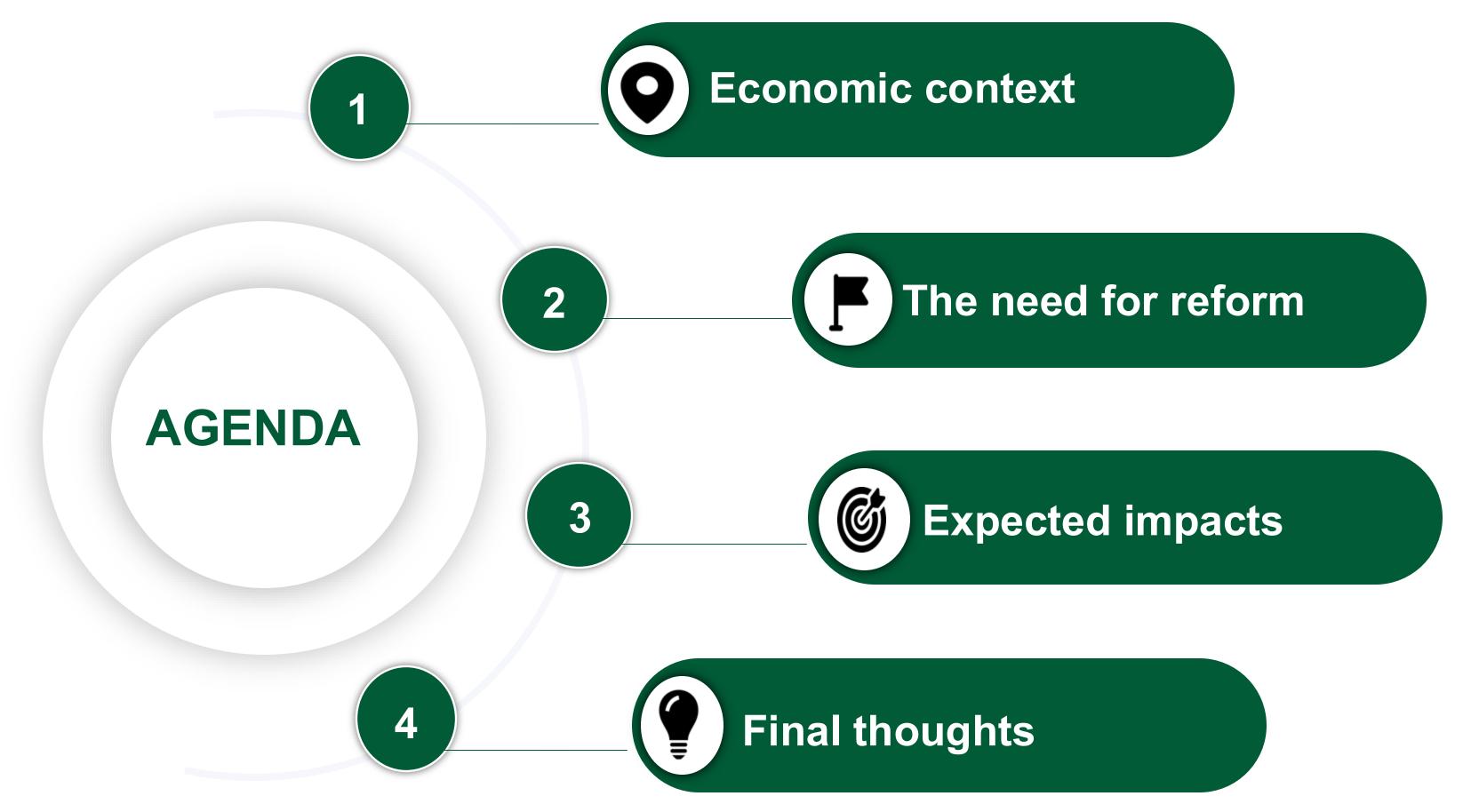


Nigeria's Tax Reforms and the Building and Construction Industry

Implications and opportunities

Taiwo Oyedele Chairman, Presidential Fiscal Policy and Tax Reforms Committee *April 2025*







Nigeria's economic context

Work-in-progress:

- Exchange rates convergence and stability
- Sticky inflation and high cost of doing business
- Rising poverty and declining decent job opportunities
- High interest rate environment
- Insecurity challenges and social discontent
- Efficient public financial management
- Policy coordination and public communication

Positive indicators:

- Trade surplus and positive balance of payment
- Slowing global inflation and interest rate cuts
- Declining budget deficit & more infrastructural spending
- Improved tax to GDP & debt service to revenue ratios
- Moderation / pay-down of Ways & Means financing
- Rising crude oil and gas production
- Local crude oil refining
- Positive economic outlooks by rating agencies
- Capital market performance
- Improvement in forex inflows (FPI & remittances)



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Why we are reforming

Nigeria's fiscal space is constrained, and the tax system is unconducive for meaningful growth



Fiscal environment:

- Low tax to GDP ratio (less than 10% pre-2024) and unsustainable debt service to revenue ratio (97% in 2022)
- Growing budget deficits and deficit monetisation
- Over-reliance on oil revenue
- More efficient public financial management

Tax policy:

- Inequity and unfair tax burden on taxpayers
- Distortionary tax expenditure system
- Uncompetitive tax regime

Tax laws:

- Harmonisation of multiple taxes and levies
- Simplify complex and ambiguous tax rules
- Remove archaic and obsolete laws

Tax administration:

- Integration and better collaboration
- Reduce cost of compliance and administration
- Modernisation and improved technology adoption



How we are reforming

People Centred, Growth Focussed, Efficiency Driven

Fiscal framework	Tax changes	Growth enablers	Deliverables	KPIs
Fiscal governance– revenue, debt,and spending	Tax & tariffs redesign15% top up tax	Remove fiscal constraintsAddress structural	National FiscalPolicyTax reform bills	Enabling Environment
 Revenue transformation – tax, assets, GOEs, natural resources 	 Progressive tax regime Eliminate tax on 	issuesExports incentivesReduced WHT	Budgetary reformsOrders and regulations	Policy Coordination Fair Taxation
 Economic growth facilitation and competitiveness 	investment and capital capital tiveness rationalisation	rates · Higher exemption threshold for small businesses	 Constitutional amendments National Single Window 	Responsible Borrowing Sustainable Spending
 Enhanced policy coordination 	 Fiscalisation and e-invoicing 	 Promote business formalisation 	Fiscalisation etc	

What we expect from the reforms

Facilitate economic growth, revenue mobilisation and shared prosperity!

Businesses	Households	Government	
 Reduced business risks Elimination of min tax on capital Allow interest deduction Tax ruling, statute of limitation 	 1. Economic reliefs Wage awards, transport subsidy Tax waivers on food import, etc Tax suspension on fuel products 2. Lower tax burden	 1. Economic growth Economic stability and growth Improved credit rating Lower deficit & cost of debt 	
 2. Lower tax burden Reduced tax rates Tax payments in naira Faster tax refunds 	 Lower tax burden Low-income earners exemption Reduced rate for middle class VAT zero rate & exemptions 	2. Revenue mobilisationImproved Tax to GDP ratioNon-oil revenue performanceEfficiency and optimisation	
 3. Competitive tax regime Input VAT credits & tax relief Economic devpt incentive Reorganisation regime, R&D 	 3. Opportunities Small biz regime & start-ups Remote jobs facilitation Tax breaks for investment income 	 3. Fiscal sustainability Healthy fiscal balance Addressing distortions Revenue harmonisation 	



Building and construction

Implications and opportunities



VAT exemption

Land, property, sale of real estate and rent are exempted from VAT

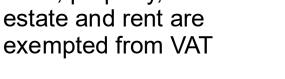


Tax Reform

Bills

WHT at 2% 04

Sustained low WHT rate not exceeding 2% on construction activities





Exemption of stamp duties on rent below N10m per annum





Priority sector 05 incentive

Building materials production including non- metallic products are eligible for priority sector incentives



Exemption of capital gains tax on sale of dwelling house





Land reform 06

Reform of land transactions including titling and harmonisation of property taxes

"The best way to predict the future is to create it" (Abraham Lincoln)



Thank you!



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Economic Development Incentive Scheme

List of priority sectors, minimum investments and sunset provisions

S/N	SECTORS	MIN INVESTMENTS	SUNSET
1	AGRICULTURE AND FOOD: Aquaculture, crop production, livestock, Aquaculture, Forestry, Dairy products	N30m – N500m	15 – 20 years
2	ENERGY: Refining, manufacture of electrical equipment, electricity and gas supply, renewable energy equipment	N5B – N100B	12 – 20 years
3	MINING AND QUARRYING: Mining of Coal, metal Ores, lithium, rare earth, Quarrying and Mining of other Minerals	N5B – N10B	20 years
4	HEALTH: Manufacture of medical and dental equipment and supplies	N5B	20 years
5	CREATIVE SECTOR AND COMMUNICATIONS TECHNOLOGY: Motion picture, video and television programme production, distribution and exhibition, music production.	N250m	20 years
6	UTILITY PROJECTS: Building and operation of utility projects (power lines, waterways, ports etc)	N200B	20 years
7	CHEMICAL AND BUILDING MATERIALS: Manufacture of chemical and pharmaceutical products, non-metallic products	N2B – N20B	15 years
8	STEEL AND METAL: Manufacture of basic Metals, Iron and Steel.	N5B	12 – 15 years
9	TRANSPORTATION: Manufacture of motor vehicles and components and other transport equipment, Maintenance, repair and overhaul, Transportation.	N5B – N50B	12 – 20 years
10	INDUSTRIAL MACHINERY: Manufacture of power-driven hand tools, general-purpose machinery, agricultural and forestry machinery, metal- forming machinery and machine tools.	N5B – 10B	10 – 15 years
11	ENVIRONMENT: Waste treatment, disposal and material recovery	N2B	12 years
12	TEXTILE PRODUCTION: Manufacture of textiles and Leather, Manufacture of sportswear	N500M – N2B	12 - 20 years
13	OTHER MANUFACTURING: Manufacture of pulp, paper and paper products	N1B	10 years
14	SERVICES: Business process outsourcing, shared services centre etc	N2B	10 years