



Overview of Nigeria's Economic and Fiscal Indices - Prospects and Opportunities

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An aerial photograph of Lagos, Nigeria, showing a dense urban landscape with a mix of low-rise and high-rise buildings. The Lagos skyline is visible in the background, including the tall, slender Lagos Tower. The foreground shows a residential area with many small, colorful-roofed houses. A body of water is visible on the left side of the image. The entire image is covered with a semi-transparent dark grey overlay, which makes the white text stand out.

Nigeria's 2021 to 2022 Fiscal & Macroeconomic Profile

Nigeria's 2021 to 2022 Fiscal & Macroeconomic Profile

Fiscal			Macroeconomic		
	2022 (Approved Budget)	2021 (Approved + Supplementary)		2022	2021
	₦trillion	₦trillion			
Revenue	10.74	8.13	GDP growth rate	4.2% *	3.98%
Expenditure	17.13	14.57	Population growth rate	2.57%	2.60%
Deficit	6.39	6.45	Exchange rate (IFEM)	₦410.15 - \$1 *	₦381 - \$1
CAPEX	5.46	4.98	Inflation rate (Y.O.Y)	13% *	16.98%
Recurrent Expenditure	6.91	5.76	Interest rate (MPR)	11.5% *	11.5%
Debt service	3.61	3.12	Tax to GDP %	n/a	6.1% *
Debt service to revenue %	33.6%	38.4%			
Debt to GDP %	36.88% *	35.71% *			
Oil price benchmark	\$62	\$40			
Oil production volume	1.88 mb/d	1.86m bpd 1.405m bpd (actual)			

Note: *Forecast

Sources: National budget, CBN, [Statista](#), [Debt Management Office Nigeria](#), [TradingEconomics](#)

A large, rounded, weathered rock formation, known as the Obelisk in Lagos, Nigeria, dominates the background. The rock has a textured, brownish-grey surface with vertical ridges. In the foreground, a paved road curves from the bottom left towards the center. Several vehicles, including cars and a motorcycle, are visible on the road. To the right of the road, a group of people is standing near some small structures or stalls. The sky is a clear, pale blue.

Overview of Economic Sectors in Nigeria

Overview of Economic Sectors in Nigeria

Oil Sector

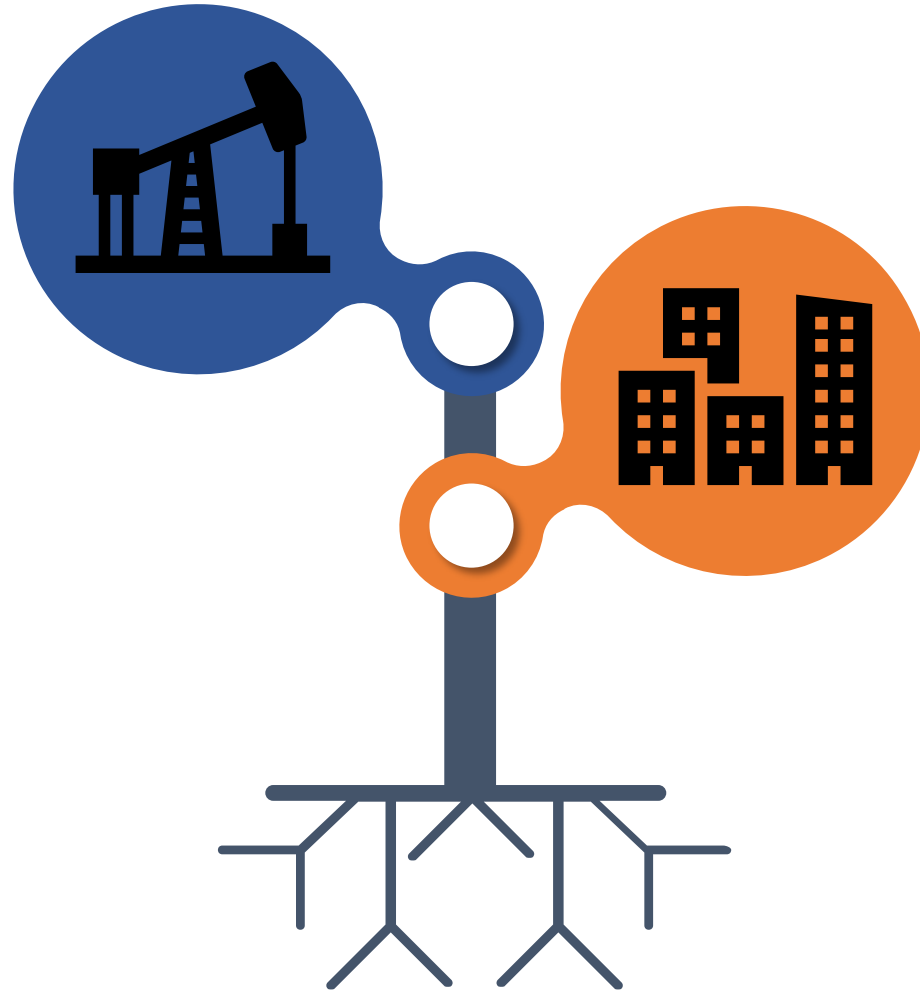
Contributes

70% to Government revenue

90% to foreign exchange earnings

7.24% to GDP in 2021 as compared to 8.16% in 2020

Major economic activities in the oil sector are Mining & Quarrying; and these consist of Crude Petroleum and Natural Gas, Coal Mining, Metal ore and Quarrying and other Minerals sub-activities.



Non-Oil Sector

Contributes

15% to Government revenue

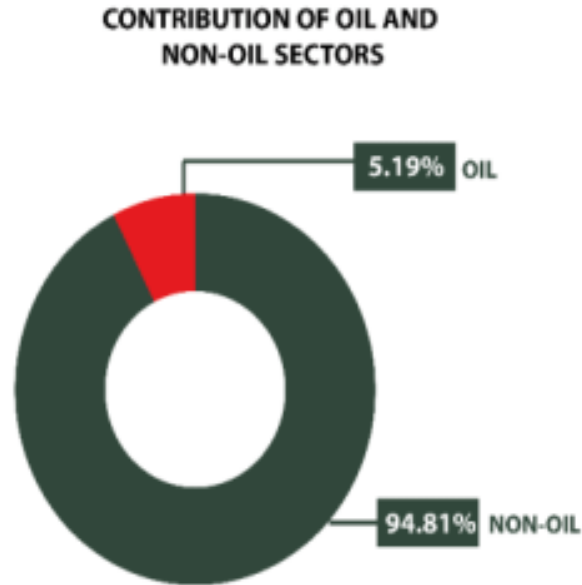
10% to foreign exchange earnings

92.76% (in real terms) to GDP in 2021 as compared to 91.84% in 2020

Some of the sub-sectors that constitute the non-oil sector include the agriculture, information and communication, manufacturing, construction, real estate, finance and insurance, trade sectors etc.

Overview of Economic Sectors in Nigeria

Contribution to GDP Q4 2021



CONTRIBUTION OF OIL AND NON-OIL SECTORS									
NON-OIL GDP									
Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	
92.68	90.50	91.07	91.27	94.13	90.75	92.58	92.51	94.81	
OIL GDP									
Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	
7.32	9.50	8.93	8.73	5.87	9.25	7.42	7.49	5.19	

- In Q4 2021, non-oil contribution rose to 94.81 % from 94.13% in Q4, 2020, while contribution from the oil sector declined to 5.19% from 5.87% in Q4 2020.

- Growth in non-oil sector was driven in fourth quarter 2021 mainly by Agriculture (crop production); Trade; Information and Communication (Telecommunication); and Financial and Insurance (Financial Institutions), accounting for positive GDP growth.
- In 2021, the Service sector accounted for 55.11 % of real GDP, with Agriculture accounting for 26.84% and Industries accounting for 18.05%.



Overview of Economic Sectors in Nigeria - Contribution to GDP

Contribution to GDP Q4 2021

Mining and Quarrying Sector

In real terms, the sector grew by -6.16% (year-on-year) in Q4 and contributed 5.50% to real GDP in Q4 2021.



Agriculture Sector

- Major activities are Crop Production, Livestock, Forestry and Fishing.
- The sector grew by 3.58% (YOY) in real terms and contributed 26.84% to real GDP in Q4 2021



Manufacturing Sector

- Major activities include Cement; Food, Beverages and Tobacco; Oil Refining; Textile etc.
- Grew in real terms by 2.28%(YOY) and contributed 8.46% to real GDP in Q4 2021



Real Estate Services

The sector grew by 1.47% in real terms and contributed 6.23% to real GDP in Q4 2021



Information and Communication Sector

- Comprises Telecommunications and Information Services; Publishing; Motion Picture, Sound Recording and Music Production; and Broadcasting activities
- The sector recorded a 5.03% (YOY) real growth and contributed 15.21% to aggregate real GDP in 2021



Construction Sector

Recorded a 3.46% YOY real growth and contributed 3.46% to real GDP in Q4 2021



Finance and Insurance Sector

- Comprises financial institutions and insurance
- Growth in real terms totaled 24.14%, while contribution to real GDP in Q4 stood at 3.66%



Trade

Real growth stood at 5.34%, while the sector contributed 0.20% to real GDP in Q4 2021

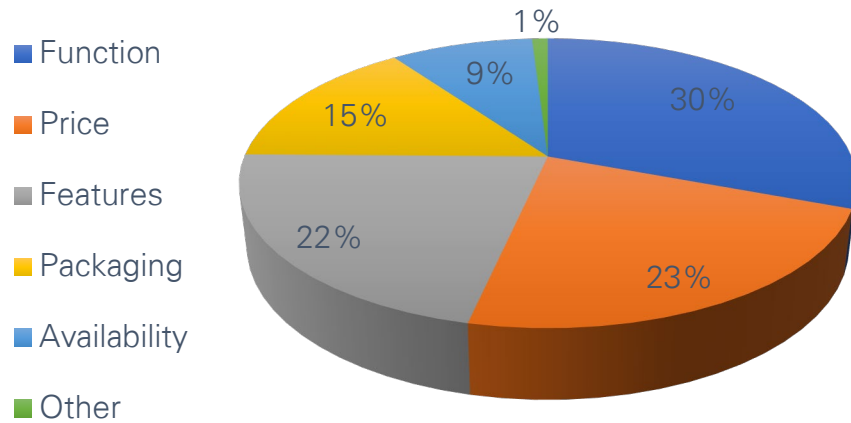


A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are illuminated from within, with some windows glowing yellow. The sky is a pale, overcast grey. The perspective creates a sense of height and scale.

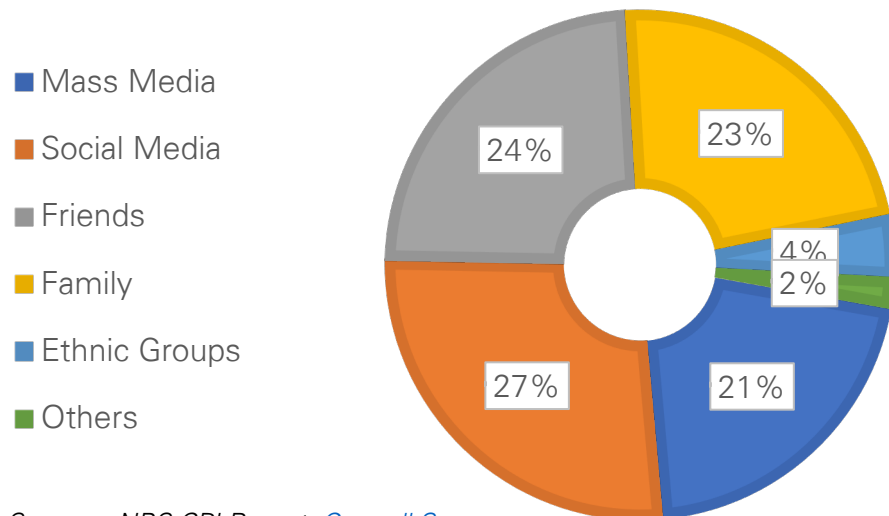
Nigeria's Socio-cultural Environment

Nigeria's Socio-cultural Environment - Consumer Behavior

CONSUMER PURCHASE CONSIDERATIONS IN NIGERIA

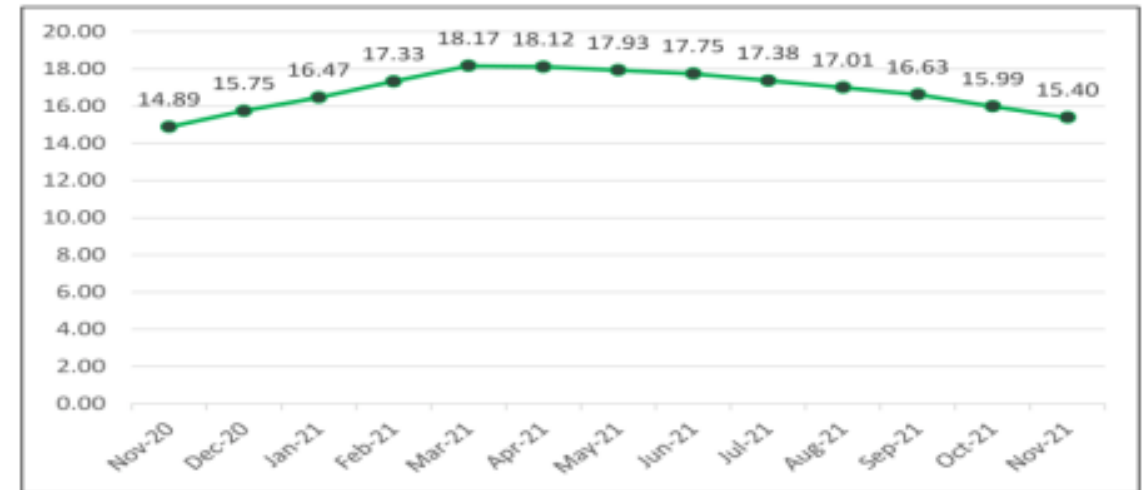


FACTORS INFLUENCING PRODUCT PREFERENCE IN NIGERIA



Sources: NBS CPI Report, [Geopoll Survey](#)

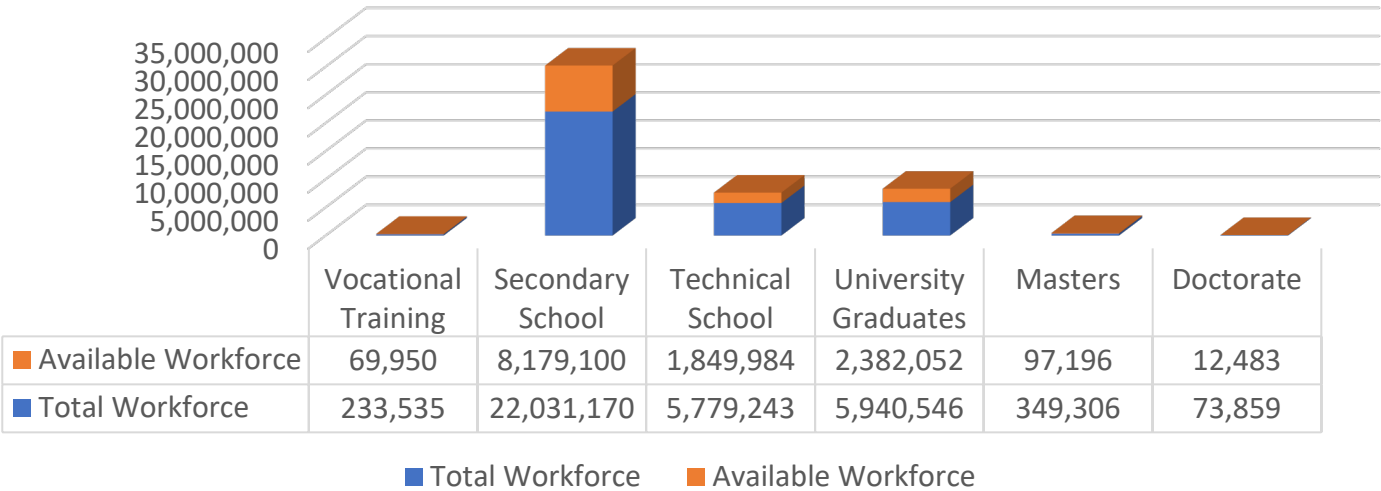
CPI (%) HEADLINE 12-MONTH SERIES



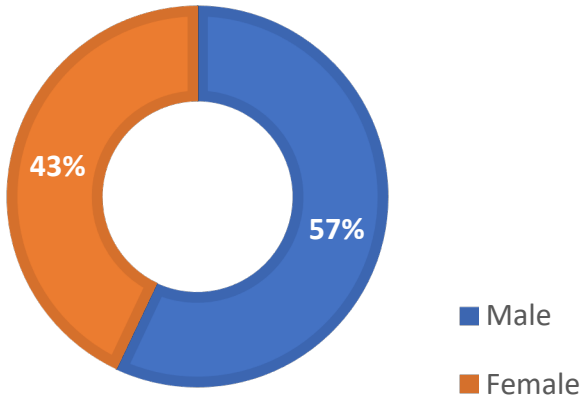
- The CPI (Consumer Price Index) above displays the inflation rate over the 12-month period from November 2020 to November 2021. Inflation has gradually reduced in 2021, however, CPI is still higher compared to November 2020.
- The pie charts show the results of Geopoll's survey of 500 unique respondents over 18 years of age in Nigeria regarding consumer behavior
- Based on the data, the largest influence on purchasing decisions, whether in-store or online, is product function followed by price and features. Therefore, investors must prioritize product function for successful market penetration
- Additionally, Nigerians appear to be highly influenced by word of mouth through friends, family or social media. The high response rate for social media's influence on preference can point to social media advertising as a promising market penetration strategy.

Nigeria's Socio-cultural Environment - Workforce Distribution

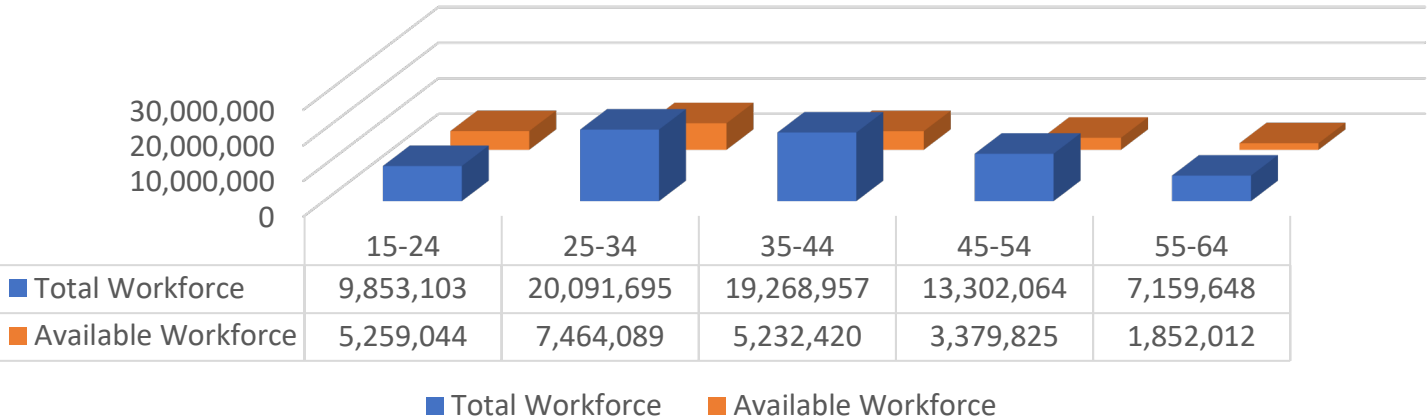
WORKFORCE BASED ON QUALIFICATION



GENDER DISTRIBUTION OF WORKFORCE



AGE DISTRIBUTION OF WORKFORCE



- Based on the above data, Nigeria has a prolific workforce pool available for employment among the different age groups
- Investors’ requirements for skilled and unskilled labour will be easily satisfied.

Source: NBS 2020 unemployment report

A photograph of a city skyline at sunset. In the foreground, a modern glass building is visible, reflecting the sky and other buildings. The background shows a dense cluster of skyscrapers, including the Willis Tower, under a warm, orange-hued sky. The title "Investment Incentives in Nigeria" is centered over the image.

Investment Incentives in Nigeria

Investment Incentives in Nigeria - Regulatory incentives

Exporters located within an FTZ are entitled to import any capital goods, consumer goods, raw materials, etc. free of customs duty, provided the imports are intended to be used in relation to an approved activity.

01

Free Trade Zones (FTZ)

06

Manufacture-in-bond Scheme

This incentive provides for duty-free importation of raw materials for production of export goods

02

Currency Retention Scheme

Exporters can open and maintain foreign currency domiciliary accounts into which export proceeds can be paid and retained

05

Export Expansion Grant (EEG)

This enables exporters to diversify export products and market coverage

03

Export Development Fund

Provides financial assistance to exporters to cover a part of their initial expenses incurred on export promotion activities

04

Duty Drawback/ Suspension Scheme

Exporters can apply for exemption/suspension of import duty on raw materials for export business

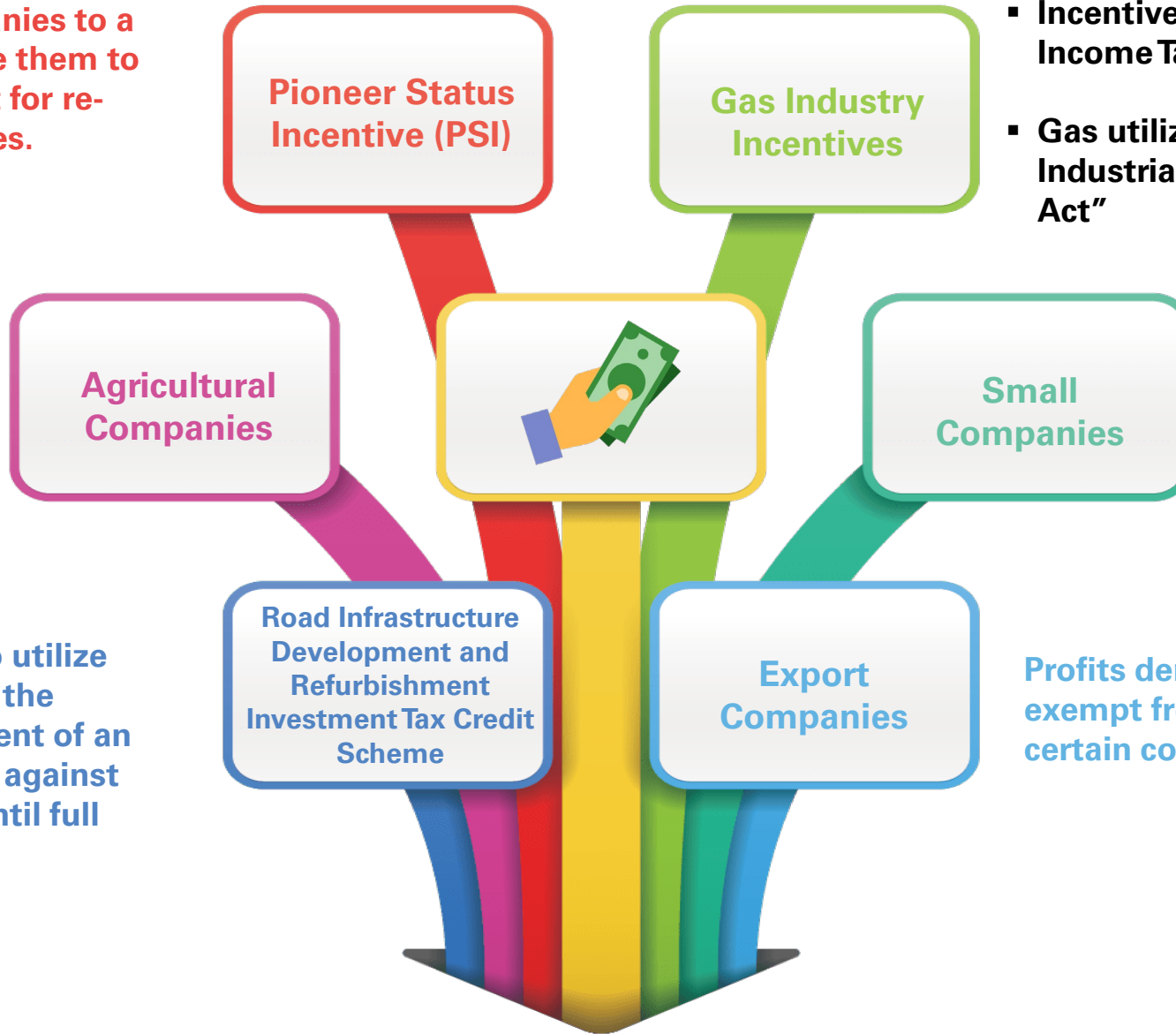


Investment Incentives in Nigeria - Tax incentives

PSI entitles eligible companies to a tax holiday/relief to enable them to make a considerable profit for re-investment into the business.

Companies engaged in primary agricultural production are entitled to a tax holiday under the Industrial Development (Income Tax Relief) Act

This entitles participants to utilize the project cost incurred in the construction or refurbishment of an eligible road as a tax credit against their income tax liability, until full cost recovery is achieved



- Incentives under S.39 of the Companies Income Tax (CIT) Act for gas utilization
- Gas utilization incentives under the Industrial Development (Income Tax Relief) Act"

Small companies are exempt from CIT and tertiary education tax

Profits derived from exports are exempt from CIT subject to certain conditions



Applicable taxes for Companies in Nigeria


Applicable Taxes for Companies in Nigeria

Resident Companies	Rates
Companies Income Tax (CIT)*: <ul style="list-style-type: none"> • Large Companies (over ₦100 million turnover) • Medium Companies (₦25 million to ₦100 million turnover) • Small Companies (less than ₦25 million turnover) • Minimum tax (applicable on turnover) 	30% 20% 0% 0.5%
Tertiary Education Tax (TET)**	2% of assessable profit
Hydrocarbon tax (petroleum companies)	15/30%
Nigerian Police Trust Fund Levy	0.005% of net profit
National Agency for Science and Engineering Infrastructure levy (specific companies)	0.25% of PBT
National Information Technology Development levy (specific companies)	1% of PBT
Capital gains tax	10% of chargeable gain
Value added tax	7.5%
Withholding Tax (WHT) deducted at source: <ul style="list-style-type: none"> • Dividend, interest, rent and royalties (DIRR)*** • Consultancy fees, management fees and fees for technical services • Contracts and Agency Arrangements • Construction contracts relating to road, bridges, buildings and power plants 	10% 10% 5% 2.5%

***Non-resident companies (NRCS) are taxed on their Nigerian-sourced income at the same tax rate as resident companies.**

****NRCs are not liable to TET.**

*****WHT deducted on DIRR for a NRC is the final tax on such income. Further, a reduced WHT rate of 7.5% is applicable where the recipient is resident in a country with double tax treaty with Nigeria.**



Finance Acts: Key Provisions and Amendments

Finance Act 2019: Key Provisions

- ✓ An **increase in VAT rate** from 5% to 7.5%; and expansion of definition of VATable goods and services
- ✓ Taxation of the digital economy through **Significant Economic Presence**
- ✓ Taxation of technical, management, consultancy or professional services rendered offshore to a Nigerian resident.
- ✓ Requirement for companies to match expenses to relevant income streams (rental income, interest income from short term investments such as bank deposits, etc)
- ✓ Amendment of commencement and cessation rules
- ✓ Restriction of allowable interest expense on related party loans to 30% of **earnings before interest, taxes, depreciation and amortization (EBITDA)**
- ✓ Revision of **minimum tax** to 0.5% of turnover, and deletion of the **exemption** of companies with a minimum of 25% imported equity capital.
- ✓ Synchronization of Companies Income Tax filing deadline and payment deadline.



Finance Act 2020: Key Provisions

- ✓ Inclusion of a requirement for non-residents that supply goods or services to Nigeria to register for VAT in Nigeria.
- ✓ Introduction of **time of supply** rules and further expansion of **place of supply** rules (e.g., to include incorporeal, etc.)
- ✓ Introduction of the **Electronic Money Transfer Levy** to replace the stamp duties on electronic bank receipts.
- ✓ Tax-deductibility of COVID-19-related donations
- ✓ Reduction of Import Duty and Levy on Motor Vehicle Importation for transportation of more than 10 persons from 35% to 10%, while the import levy on cars has been slashed from 30% to 5%.
- ✓ Introduction of filing deadlines for CGT returns
- ✓ Inclusion of incorporeal property registered, located to an asset/immovable property, or exploited in Nigeria, consumed or otherwise utilized in Nigeria as deemed to be supplied in Nigeria.
- ✓ **Redefinition of Gross Turnover** for CIT purposes



Finance Act 2021: Key Provisions

- ✓ Specific provisions applicable to the FIRS's **powers** to assess **non-resident companies** involved in the provision of **digital services** and have **Significant Economic Presence** in Nigeria to tax on **deemed profit basis**
- Elimination of income from educational activities from exempt income provision.
- Clarification of the conditions for claim of the incentive under Section 39 of the CIT Act for downstream gas utilisation projects
- Restriction of capital allowance claim on assets **wholly used** for production of non-taxable income.
- Increase in applicable tertiary education tax rate from 2% to 2.5% of assessable profit
- Introduction of excise duty on non-alcoholic, carbonated and sweetened beverages as dutiable goods at ₦10 per litre
- Introduction of CGT of 10% on the disposal of shares of a Nigerian Company
- Imposition of NASENI levy (2.5% of profit before tax) on companies in Banking, Mobile Telecoms, ICT, Aviation, Maritime and Oil and Gas Sectors with turnover above N100million



Finance Act 2021: Key Provisions

- ✓ Modification of the administrative provisions of the VAT Act relating to relating to Business-to-Customer (B2C) e-commerce transactions.
- ✓ Grant of power to the FIRS to appoint an NRC to collect and remit the VAT due on taxable supplies made to Nigeria. An NRC has the option to nominate a representative to assist with this responsibility. However, the Nigerian recipient will be required to account for the VAT only where the NRC fails to fulfil its obligation.
- ✓ Empowerment of the Federal Inland Revenue Service (FIRS) to collect NPTF Levy of 0.005% of the net profits of Nigerian companies on behalf of the Fund



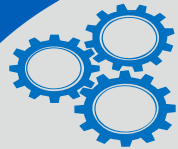


SWOT Analysis

SWOT Analysis

Strength

- ✓ Population
- ✓ Market
- ✓ West African Hub
- ✓ Resources



Weakness

- ✓ Inefficient Power Supply
- ✓ Purchasing power
- ✓ Bureaucratic bottle necks
- ✓ Poor transportation system



- ✓ AfCTA
- ✓ Porous borders
- ✓ Insecurity

Threat

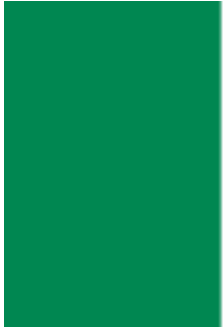


- ✓ Mining
- ✓ Processing industries
- ✓ Power
- ✓ Gas
- ✓ Technology

Opportunities



Conclusion



Nigeria has continued on a positive recovery path in the aftermath of the COVID-19 pandemic and oil market crisis. The Federal Government's resilience towards improving the economy is also evidenced by its continuous review of fiscal policies and legislation to maintain sustainable growth and attract relevant investments into all sectors of the economy.

In Nigeria, Greek entrepreneurs may look to deviate from Greece's major export of refined petroleum, as Nigeria's demand for refined petroleum is expected to be conveniently settled by the Dangote refinery, which is scheduled to commence operations in Q3 of 2022. However, the recent economic performance of non-oil sectors and the numerous investment incentives proves that the opportunities for Greek entrepreneurs in Nigeria are boundless and should be seized without haste.



Thank You

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