

**COMPANIES INCOME TAX (AMENDMENT) (No. 3)  
DECREE 1971**



**Decree No. 51**

[1st January 1971]

Commence-  
ment.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows:—

1. In section 17 of the Companies Income Tax Act 1961 (hereafter in this Decree referred to as “the principal Act”) for all words from the beginning of the section to the words “specified for each year of assessment” there shall be substituted the following words, that is—

Amendment  
of section 17  
of principal  
Act.  
1961 No. 22.

“17. Subject to the provisions of this Act, the tax shall, for each year of assessment, be payable at the rate specified in section 32 of this Act”.

2. After section 17 of the principal Act, there shall be inserted the following section, that is—

Insertion of  
new section  
17A in  
principal  
Act.

“Charge of  
tax in cases  
of foreign  
loans, etc.

17A.—(1) Notwithstanding any other provisions of this Act but subject to the provisions of the following subsections, where during any calendar year commencing on or after 1st January 1971 any foreign loan of an amount (or of an aggregate amount) which is not less than £75,000 is granted by a foreign company to any person carrying on any trade, business profession or vocation in Nigeria for the purposes of that trade, business profession or vocation, then any interest derived by the foreign company from that loan (being an interest which by virtue of section 17 of this Act is derived or deemed to be derived from Nigeria) shall—

(a) if the loan is not repayable by the borrower until after the expiration of a period of not less than ten years, commencing from the date on which the loan is granted, be exempt from tax;

(b) if the loan is not repayable by the borrower until after the expiration of a period of less than ten years but not less than five years, commencing from the date on which the loan is granted, be chargeable to tax for each relevant year of assessment at half the rate of tax specified in section 32 of this Act.

(2) If, in any case to which subsection (1) of this section applies, any such event as is mentioned in the subsection (3) below occurs, no tax exemption or tax relief, as the case may be, shall be granted or made under the said subsection (1) or, if any such exemption or relief has been granted or made, it shall be withdrawn.

(3) The events referred to in subsection (2) above are—

(a) in a case to which paragraph (a) of subsection (1) of this section applies, the loan is repaid to the foreign company within a period of less than eight years ;

(b) in a case to which paragraph (b) of subsection (1) of this section applies, the loan is repaid to the foreign company within a period of less than four years.

(4) The Federal Executive Council may by order direct that no tax exemption or tax relief shall be made or granted under this section in respect of any foreign loan specified in the order or, if any such exemption or relief has been granted or made, that it shall be withdrawn.

(5) All such additional assessments and adjustments of assessments shall be made as may be necessary for or in consequence of the withdrawal of any exemption or relief under this section, and may be so made at any time.

(6) In this section—

“foreign loan”, in relation to any foreign company, means any loan granted by that company with moneys brought into Nigeria from any territory or country outside Nigeria, or any loan granted by that company in any territory or country outside Nigeria, in a currency other than Nigerian currency ;

“foreign company” means any company or corporation (other than a corporation sole) established by or under any law in force in any territory or country outside Nigeria.”

Citation,  
extent and  
commence-  
ment.

3.—(1) This Decree may be cited as the Companies Income Tax (Amendment) (No. 3) Decree 1971 and shall apply throughout the Federation.

(2) This Decree shall be deemed to have come into force on 1st January 1971 and shall from its commencement have effect in respect of the year of assessment 1970-71 and each subsequent year of assessment.

MADE at Lagos this 29th day of October 1971.

GENERAL Y. GOWON,  
*Head of the Federal Military Government,  
Commander-in-Chief of the Armed Forces,  
Federal Republic of Nigeria*

## EXPLANATORY NOTE

*(This note does not form part of the above Decree, but is intended to explain its effect)*

The Decree provides that no tax shall be payable on any interest derived or deemed to be derived in Nigeria by a foreign company from any foreign loan of not less than £75,000 granted in any year by the foreign company to a person carrying on a trade, business profession or vocation in Nigeria if the loan is granted for the purposes of that trade, business, profession or vocation and is not repayable by the borrower until after the expiration of a period of not less than ten years.

2. The Decree also provides that in respect of any such loan granted as aforesaid and which is repayable after the expiration of a period of less than ten years but not less than five years, tax under the Act shall be chargeable on the foreign company at half the normal rate prescribed under section 32 of the Act.

3. The Federal Executive Council is empowered by Order to direct that no tax exemption or tax relief shall be made or granted under the Decree in respect of any foreign loan specified in the Order.