

# Benchmac & Ince

CORPORATE NEWSLETTER



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December 2022 | 4th Quarter (Q4), 2022 Edition.

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## Editor's Note

By Tochukwu Onuora



What a rollercoaster 2022 has been! Russia invaded Ukraine leading to a global energy crisis. The price of crude reached a record 5-year high. While this means more revenue for oil exporting countries like Nigeria, refined product imports and foreign exchange disruptions eroded whatever gains the country made from crude oil export.

Nigeria inflation peaked at 22% this year as fears abound, that the country's annual revenue will not be sufficient to offset its debt obligations.

While the economy has not done so well, infrastructure wise, the country recorded some major gains. The Second Niger bridge was inaugurated and temporarily opened to motorists. The Lekki deep sea port, Dangote fertilizer factory and the Lagos red line mono rail project are some of the landmark projects inaugurated this year.

In this final Quarter of 2022, we have, as always, put together some of the fascinating news in the business space during the period. We hope you find them as insightful as we have prepared them.

Have a good read!



## ECONOMY



## Economic growth slows down; further decline expected

Nigeria's GDP grew 2.25% year-on-year in the Q3 2022, slowing down from 3.54% in Q2 2022, according to data released by the National Bureau of Statistics. The slowdown is attributed to a contraction of the oil sector. [Read more.](#)

In its [biannual Africa Pulse report](#), the World Bank projects that the economy will further decline in 2023-2024.

## Nigerian President Presents 2023 Budget to National Assembly

The 2023 budget was presented by President Muhammadu Buhari in October. The record spending plan will increase government expenditure by 18 per cent in 2023 to N20.5tn. Out of this sum, more than 60 per cent will finance debt repayments (N6.3tn), personnel costs (N4.99tn) and overheads (N1.11tn). The envisioned spending spree requires the government to borrow as much as N8.8tn from local and international markets, 76 per cent more than in the current year, exceeding the 3% of GDP threshold stipulated by the Fiscal Responsibility Act of 2007. [Read More](#)



## Debt Servicing and Subsidies gulp Nigeria Revenue from Oil Exports

In its biannual Africa Pulse report published in October 2022, the World Bank states that Nigeria is the only oil-exporting countries that is not expected to reduce government debt significantly in 2023 and the only oil-rich country (together with South Sudan) to end the current fiscal year on a deficit.

Despite a relatively low total debt level, Nigeria's high debt service-to-government revenue ratio indicates that high oil prices do not translate into government income due to high subsidies for petroleum product and low oil production. [Read More](#)



The [World Bank projects](#) that debt servicing is going to increase to 123.4 per cent of the Federal Government's budget in 2023, compared to an expected 100.2 per cent in 2022. Accordingly, World Bank lead economist

for Nigeria, Alex Sinaert, warns against the danger of further borrowing: "Borrowing more is not the solution: debt costs are rising rapidly, squeezing-non interest spending." [Read more:](#)

Contributing to the high debt service burden, rates on local-currency government bonds stood at 14.48 per cent as of 24 November 2022 – a five-year high –, as the Nigerian Central Bank further increases interest rates to match inflation. However, with inflation at 21.1 per cent, the bonds still remain relatively unattractive to investors. Nonetheless, high debt service cost is making the international market a least attractive place for Nigeria to borrow from at the moment [Read more](#)

## Net Foreign Exchange Inflow Falls 56% To \$3.2bn In 3yrs

Net foreign exchange (forex) inflow into the economy fell by 56 per cent to \$3.2 million in February 2022 from \$7.2 billion in February 2020.

Analysis of data from the Central Bank of Nigeria, CBN, monthly Economic Report for the period under review showed that year-on-year (YoY), net forex inflow stood at \$7.19 billion in February 2020 from

where it fell by 40 per cent to \$4.3 billion in February 2021 and down by 26.5 per cent to \$3.16 billion in February 2022.

The steady decline in net forex inflow was occasioned by a 53 per cent decline in forex inflow during the three-year period, reflecting the severe impacts of COVID-19 pandemic and the ongoing Russia war in Ukraine. . [Read more...](#)

## **FG Borrows N2.45 trillion From CBN Amidst Fiscal Risks**

The Federal Government's total borrowing from the Central Bank of Nigeria through Ways and Means Advances rose from N17.46tn in December 2021 to N19.91tn in June 2022. According to data from the CBN, this shows that the Federal Government borrowed N2.45tn from the apex bank within six months.

The N19.91tn owed the apex bank by the Federal Government is not part of the country's total public debt stock, which stood at N41.60tn as of March 2022, according to the Debt Management Office.

Ways and Means Advances is a loan facility through which the CBN finances the shortfalls in the government's budget. [Read More.](#)

## **2023 Budget Deficit, FG May borrow Eleven trillion Naira**

The Federal Government may borrow about N11.3 trillion to fund expenditure in the 2023 budget as the deficit is projected to be at most, over 12.41 trillion next year or at least, N11.3trn which is over 100 per cent of the N7.35trn deficit for the 2022 fiscal year. [Read more](#)

## **Nigeria Spends N18.397 Billion On Petrol Subsidy Daily**

The minister of finance has stated that Nigeria spends N18.39bn per day on subsidy daily. The minister stated this on Thursday August 18 2022 while being grilled over payments of subsidy on Premium Motor Spirit (petrol) by the Federal Government, by the House of Representatives' Ad Hoc Committee set up to Investigate the Petroleum Products Subsidy Regime from 2013 to 2022. [Read more](#)

## **Buhari Approves Fuel Subsidy Removal For June 2023**

The Minister of Finance, Zainab Ahmed, has disclosed that President Muhammadu Buhari has set June 2023 as the date for the removal of fuel subsidy. Ms Ahmed disclosed this while appearing before the House of Representatives ad hoc committee investigating the fuel subsidy regime from 2013 to 2022. [Read more](#)

## **CBN Asks Banks To Pay Higher Interest On Savings**

The Central Bank of Nigeria has raised the minimum interest rate on Naira savings deposits from 0.15 percent to 4.2 per cent. The new directive took effect from August 1, 2022. This as disclosed in a circular dated August 15, 2022

and signed by Haruna Mustafa, director of the banking supervision department. [Read more](#)

## **Inflation forces Increase in Interest Rates amidst Yuletide**

Nigeria inflation rate increased to 21.1 per cent in October, from 20.8 per cent in September, [data](#) released by the National Bureau of Statistics shows.

To keep up with inflation, the Central Bank of Nigeria increased interest rates for a fourth time in a row from 15.5 per cent to 16.5 per cent in November. Against the roaring inflation. Nevertheless, this continued to result in a negative real interest rate for investors and bank account holders. [Read more](#)

## **IMF urges CBN to end forex interventions amid fears of further devaluation**

The [International Monetary Fund](#) has urged the Central Bank of Nigeria, to reduce interventions on the foreign-exchange market to stop speculations around a possible further devaluation.

According to a Bloomberg poll, the CBN is expected to further devalue the Naira after next year's election to align with market perceptions. [Read more](#)

## **CBN announces date for redesign of Naira amidst uncertainty**

On 26 October, the CBN announced a redesign of N200, N500 and N1000 naira note. The changes which will take effect that shall come into circulation by 15 December 2022, with old notes losing their value on 31 January 2023. The move is in line with the apex banks's efforts to take back control of the monetary supply, to rein in currency hoarders and illicit funds and to promote the use of banking services in the country.

The plan has unsettled the Nigerian population, many

of whom live in rural areas far removed from bank branches. In 2016, a similar policy in India led to turmoil and a massive slow down of economic growth. Accordingly, the [IMF urged the CBN to apply caution](#) in the execution of the plan.

On 6 December 2022, the CBN capped cash withdrawals at N100,000 weekly, effective from 9 January 2023, and directed that ATMs should only be loaded with denominations of N200 and lower. [Read more.](#)

### **CORPORATE NEWS**

#### **Major Nigerian cement factory shut down, reopened over alleged unpaid taxes**

Dangote Cement Plc, Africa's largest producer of building material, shut down its largest factory in Nigeria at Obajana after Kogi state government agents sealed the plant over alleged unpaid taxes in October. The plant reopened shortly after on orders of the federal government. [Read more.](#)

#### **NLNG Ltd. declares force majeure following record floods**

NLNG Ltd., a joint venture between the state-owned Nigerian National Petroleum Co., Shell Plc, TotalEnergies SE and Eni SpA, declared force majeure on shipments from its liquefied natural gas facility after supplies were cut off by flooding. [Read more](#)

In December, the company reported a 37.5 per cent year-to-date gas delivery gap, culminating in about 1.3 billion cubic feet (bcf) deficit. [Read more](#)

#### **CBN releases \$265m to airlines over repatriation challenges**

The Central Bank of Nigeria released \$265m to airlines operating in the country, to settle outstanding ticket sales to check a brewing crisis in the country's aviation sector.

A breakdown of the figure indicated that \$230m was released as special foreign exchange intervention while another \$35m was released through Retail SMIS auction. There had been serious concerns and reactions over hundreds of millions of due dollars earned by foreign airlines operating in the country which they could not repatriate to foreign exchange scarcity problems. [Read more](#)

#### **Shell allowed to appeal award of damages for oil pollution**

The Nigerian Supreme Court allowed a subsidiary of Shell Plc to appeal a ruling that ordered it to pay 800 billion naira (\$1.8 billion) to residents of the Niger delta as compensation for alleged pollution. The appeal will also affect Shell's ability to sell oil blocks it is currently trying to offload. [Read more](#)

#### **Manufactured Goods Fall 36% To N2.87tn in Second Quarter**

The value of manufactured goods traded tumbled by 36 per cent from N4.51tn in the second quarter of 2021 to N2.87tn in the corresponding period of 2022, according to the foreign trade report by the National Bureau of Statistics for the second quarter of the year and its corresponding quarter of 2021.

Foreign trade statistics measure goods traded between an economic entity and its economic counterparts within a given period. [Read more](#)



## **Nigeria Electricity Generating Capacity Hits 22,000 Megawatts**

Nigeria generating capacity has hit 22,000 megawatts as additional 4000 megawatts is added by Generating companies. The Minister of Power, Eng Abubakar Aliyu stated this on Tuesday the 13 of December 2022.

Also increased is the Transmission Capacity with an additional 6000 megawatt of power. The Transmission and Distribution networks are however, according to the ministry, still unable to receive and all the generated power due to limited capacity. [Read more](#)

## **Electricity Consumers Pay N210 Billion In Three Months**

The Nigerian Electricity Regulatory Commission, on Thursday September 22, 2022, said power consumers paid a total of N210.17bn to distribution companies in the fourth quarter of last year.

It disclosed this in its Quarterly Report for Fourth Quarter 2021 released on the said date, noting that the N210.17bn represented 9.34 per cent of the total electricity bill given to consumers by electricity distribution companies during the period. [Read more](#)

## **5,043 Megawatts & Rising - Nigerians Enjoy Improved Power Supply Nationwide**

Data from the Transmission Company of Nigeria (TCN) has shown that Nigerians enjoy improved supply in the month of September 2022.

The daily tracker of electricity generation in Nigeria shows supply peaked at a record high of 5,043 megawatts (MW) on Thursday, 1st September 2022, an 8.1% increase when compared to 4,664MW recorded a day before. [Read more](#)

## **DISCOs' Takeover, CBN Interventions Averted Banks' Collapse – Stakeholders**

Stakeholders in the nation's power sector have averred that the timely takeover of five electricity distribution companies (DisCos), as well as the various financial interventions by the Central Bank of Nigeria (CBN) have helped to avert the collapse of many deposit money banks (DMBs).

The power sector has continually suffered a cash crunch, forcing the federal government to inject funds to avert a total collapse. Despite series of government interven-

tions, the problems in the power sector prevail.

Stakeholders have insisted that many DMBs in Nigeria who extended loans to DisCos may have collapsed if not for the CBN, especially in the takeover of some distribution companies, amidst poor performance and inability to pay back their loans. [Read more](#)

## **Lagos State Government to take over power regulation from FG**

Lagos State Commissioner for Energy, Engr. Olalere Odusote, announced a draft Lagos Electricity Law aimed at taking regulation of electricity from the centre and domicile it with the Lagos regulatory agency. He explained that this became necessary as the national grid failed to deliver sufficient energy to the growing megacity, leading most individuals and businesses to rely on costly diesel generators. [Read more](#)

## **Africa Export and Import Bank to acquire Shares in Geregu Power PLC.**

Geregu Power Plc, a Nigerian electricity generation company that generates about 10 per cent of the country's power and has an installed capacity of 435 mega-

watts, is discussing a sale of a portion of its shares to Africa Export and Import Bank. [Read more](#)

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## **Disconnecting Customers' Electricity Supply Without 10-day Notice Illegal - FCCPC**

The Federal Competition and Consumer Protection Commission (FCCPC) says it is illegal to disconnect a consumer from a power supply source without a 10-day prior notice from the date of bill delivery.

Babatunde Irukera, the FCCPC executive vice-chairman, stated this on Wednesday in Calabar at an electricity consumer complaint resolution platform. Mr Irukera bemoaned the abysmal service provided by the Port Harcourt Electricity Distribution Company (PHED) in Calabar and its environs. [Read more](#)

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## **Siemens Power Initiative: FG Investing \$2bn In Distribution, Transmission**

Vice President Yemi Osinbajo has

revealed that the federal government is investing more than \$2 billion under the Siemens Presidential Power Initiative to boost transmission and distribution of electricity from the nation's national grid.

Speaking during the formal inauguration of the National Council on Infrastructure in Abuja, the Vice President said the collaboration between the federal government and the private sector will not only ensure effective coordination of the infrastructure development across the nation, and all sectors of the economy, but also bridge the nation's infrastructural gaps. [Read more](#)



## **After long decline, Nigeria's crude oil production picks up with the re-opening of Shell's Forcados terminal**

According to data published by the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) Nigeria's oil production increased by almost 15% from 1.23 million barrels in October to 1.41 million barrels per day in November following the restoration of operations at Shell Plc's Forcados terminal.

A major driver in the increase was the restoration of Shell's Forcados terminal, which had been closed for 10 weeks for repair work

Despite the recent increase, Nigeria still fails to meet its production quota set by OPEC. Two other major terminals continue to operate at a fraction of their capacities. The Nigerian National Petroleum Co. claims it is unable to deliver sufficient crude due to insecurity and oil theft. [Read more](#)

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## **Amidst soaring fuel crisis, Nigerian National Security Service threatens to get involved**

For weeks, vehicle owners in Nigeria have struggled to get petrol from filling stations. The situation has led to the closure of filling stations, overcharging on petrol,

long queues and a growing black market.

While the government accuses independent marketers of hoarding the commodity, traders claim the the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) does not hold sufficient fuel reserves.

Despite government assurances, through the NMDPRA, that it does not plan to hike petrol prices and that the country has sufficient stock for 34 days, [petrol stations were found to sell](#) at an increased price of N179 to N190 price per liter in Abuja and N250 and 280 price per liter in Lagos at the beginning of December.

On 8 December 2022, the Department of State Security (DSS) [gave the Nigerian National Petro-](#)

[leum Company Limited and oilmarketers a 48-hours ultimatum](#) to make petrol available to Nigerians. A DSS spokesperson explained that fuel scarcity has amounted to a security problem and that the DSS would take action across the country in the case of non-compliance. Read more:

However, as of 13 December 2022, the situation remains largely unchanged despite the ultimatum. According to newspaper reports, the DSS has begun “overt and covert operations” across the country. [Read more](#)

## **Government increases effort to counter crude oil theft**

The Federal Government announced the establishment of a new nine-member Special Investigative Panel (SIP) with a mandate to investigate crude oil theft. The panel will submit its report in February 2023. The figure of daily crude oil lost to theft is estimated to be 800,000 bpd, translating to around \$ 64 million. This factor has contributed to Nigeria’s failure to meet its OPEC production quota. [Read more](#)

In addition, Shell Pls is [investigating](#) an allegations by NNPC that an illegal pipeline carried stolen oil to one of the company’s offshore platforms.

## **NNPC purchases oil blocks from Chevron after securing financing from one of Nigeria’s wealthiest families**

According to NNPC’s most recent financial statements, it borrowed \$300 million from MRS Holdings Ltd to buy two shallow-water licenses divested by Chevron Corp in May. MRS belongs to the family of Sayyu Dantata, the younger half-brother of Africa’s richest person, Aliko Dangote. The NNPC will deliver 8,000 barrels of crude oil per day to Dantata’s company during the 4.5 years of the duration of the contract as a “sole repayment guarantee”. [Read more](#)

According to further reports, NNPC is also [trying to buy four blocks](#) that Seplat Energy Plc agreed in February to acquire from Exxon Mobil Corp. for \$1.3 billion.

## **African oil-producing countries plan to create energy bank to bridge investment gap**

As traditional investors turn to renewable energies, the African Petroleum Producers Organization, a group of oil-producing countries including Nigeria and Angola, plans to start an energy bank to ensure funding for oil industry activities. According to a spokesperson, the newly formed African Energy Bank will be funded with \$6 billion seed capital from the African Export-Import Bank and additional financing from national governments and oil companies. [Read more](#)

## **Dangote Refinery Agrees To Buy 300,000 BPD Of Crude For 20 Years From NNPC**

The Nigeria National Petroleum Corporation Limited will have the first right of refusal to supply the Dangote refinery with about 300,000 barrels of crude oil per day for the next 20 years.

The Group Chief Executive Officer, NNPC Ltd, Mele Kyari, disclosed this to journalists when he appeared at the 49th Session of the State House Ministerial Briefing organised by the Presidential Communications Team, at the Presidential Villa, Abuja.

A supply of 300,000 per day in 20 years brings the total supply to 2.1 trillion by the NNPC. [Read more](#)



**INFRASTRUCTURE**



**Nigeria plans to auction deep offshore oil and gas licenses for the first time in 15 years**

According to the chief executive of the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the country undertakes to launch a bidding round for seven deep-water blocks off the Lagos coast. The government is seeking to foster deep-water production as onshore investments are plagued by oil theft. In October, NUPRC also resumed a bidding for gas that is burned off by producers. [Read more](#)

**FG Agrees To Pay \$496m Settlement Claims On Ajaokuta Steel as the Ministry revives the PPP process**

The federal government has disclosed that it had agreed to pay \$496 million to settle a multi-billion dollar claim from Global Steel Holdings Limited following the termination of a contract to upgrade the country's steel plants.

The figure was revealed in a report by Mining.com, an online news medium with focus on the global mining and metals industry.

After a prolonged dispute, the

federal government had signed a renegotiated concession agreement with Global Steel Holdings Limited for the Nigerian Iron Ore Mining Company (NIOMCO), Itakpe.

The project, which as far back as 1994 was said to have reached 98 per cent completion, has the capacity to provide direct employment for 10,000 technical staff and indirect 500,000 unskilled upstream and downstream employment. [Read more...](#)

The Federal Ministry of Mines and Steel Development has following this resolution, revived the process for the concession of the steel companies.

**Lekki Port Now At 96.65% Completion, Begins Operations Year end 2022**

The Lekki free trade zone announced on its twitter page that it has now at 95.65% completion.

According to the deep sea port management authority, "Our management, board of directors, shareholders, EPC Contractors and the project manager remain focused on our objective to complete construction by September 2022 and start port operations by the end of the year."

"The wait to behold a deep sea-port with a container terminal operated with efficiency and world-

class standards in Nigeria is almost over!" it added. [Read more...](#)

**Lagos to build new passenger and cargo airport in 2023**

Lagos obtained the Federal Government's approval to build a new passenger and cargo airport in the north-east to serve Lekki industrial zone. Plans are in place to start work in 2023 in cooperation with the private sector. [Read more](#)

**MoU signed on planned Nigeria-Morocco gas pipeline**

In an effort to capitalize on European demand for gas after Russia's invasion of Ukraine, the Nigerian National Petroleum Co. (NNPC) and Morocco's National Office of Hydrocarbons and Mines signed a memorandum of understanding to move forward with the project. A final investment decision is scheduled for 2023. [Read more](#)

**PPP Watch- NCC at the culmination phases of deploying a Device Management System**

The Nigerian Communications

Commission has entered the final stages for the deployment of a Devise management System as Parties are set to , in next steps, negotiate the provision of the Concession Agreement. Usually in a PPP arrangement, the negotiation phase is followed by a Contract award which concludes the PPP bidding process.

The Nigerian Communication Commission has in October 2019, called for an expression of Interest for advisors to advise

on the deployment of a Devise Management System through a PPP arrangement, whereby the private party will provide end-to-end solution, with a cost recovery-based registration fee charged in Naira per device, for a determined period. According to the [publication](#), the DMS will provide a "centralized solution that is secure, cost effective, interoperable and can integrate with NCC and Network Operating Companies, GSMA Global Database amongs

others."

In May 2022, the NCC invited interested private parties with requisite experience and qualification to make bids for the provision of the DMS project.

Benchmac & Ince is excited to be part of the Consortuim, and also the legal partner which provided Legal advisory services to the NCC.

## TAXATION

### **Finance Minister gives preview on 2022 finance bill; announces cryptocurrency tax**

The Finance Minister gave an update on the 2022 finance bill to the National Economic Council on 1 December 2022, outlining the main features of the bill. Among other things, the draft provides for the taxation of digital assets such as cryptocurrencies. [Read more](#)

### **Telecom Subscribers To Pay 5% Tax On Calls, Text, Data**

The Federal Government has disclosed that telecommunications subscribers would pay five per cent tax on calls, SMS and data services.

The Minister of Finance, Budget and National Planning, Mrs Zainab Ahmed, urged stakeholders to support the implementation of the five per cent excise duty on telecommunications services.

Zainab, appreciated Nigeria Communications Commission (NCC) for providing the platform to increase Nigeria's revenue generation. She highlighted that

countries in Africa like Malawi, Uganda, Tanzania and others have all keyed into this revenue generation pattern, emphasizing that this is needed to change Nigeria's economic situation for good. [Read more...](#)

### **Federal Government grants N16 trillion naira in tax rebates to Dangote, Honeywell and other companies**

The Federal Government has foregone N16.76tn in revenue to tax reliefs and concessions given to large companies between 2019 and 2021, according to the tax expenditure statement (TES) reports in the Medium-Term Expenditure and Fiscal Strategy documents posted on the website of the Budget Office of the Federation.

As of the end of 2021, 46 companies had benefitted from various tax incentives and duty waiver schemes while the requests of 186 companies were still pending.

The TES deals with revenue forgone on Company Income Tax, Value Added Tax, Petroleum Production Tax, and Customs Duty. [Read more...](#)

## LEGISLATION WATCH

## Senate Passes Bill For States, Individuals To Supply Electricity

The Senate on Wednesday July 21, passed the Electricity Bill 2022 to allow states and individuals to generate and distribute electricity.

Chairman of the senate committee, Senator Gabriel Suswam (PDP, Benue), said, "Since electricity is on the concurrent list in the constitution, the bill has allowed state governments to license people who intend to operate mini-grids within the states.

He said, "The bill also gives legal backing to renewable energy. If you decide to generate one megawatt of power using solar as an energy source, that is also provided for.

"That is the only way the power problem would be solved. The space is now open; there is little restriction as to who can generate power and distribute.

"What is obtainable now is that any power that is generated must be put on the national grid for transmission and distribution."

Lawan, after the passage of the bill, assured of a quick passage by the House of Representatives followed by assent by President Muhammadu Buhari.

He said, "We believe that this piece of legislation can change the fortunes of the electricity industry in Nigeria for the better." [Read more...](#)

## New Copyright Bill Passed Into law as House of Representative okays bill.

The National Assembly has passed the Bill for an Act to Repeal the Copyright Act, Cap C28 LFN, 2004, and Enact a New Copyright Act 2022. This was a sequel to the passage of the Bill by the House of Representatives on Wednesday, July 27, 2022, in concurrence

with the Senate, which had earlier on Wednesday, April 6, 2022, passed it. The Bill has completed its legislative circle and is finally awaiting presidential assent.

The four cardinal objectives of the bill, as outlined in clause 1, include:

- a. Strengthening the copyright regime in Nigeria to enhance the competitiveness of its creative industries in a digital and knowledge-based global economy;
- b. Effectively protecting the rights of authors to ensure just rewards and recognition for their intellectual efforts while also providing appropriate limitations and exceptions to guarantee access to creative works; encourage cultural interchange and advance public welfare;
- c. Facilitate Nigeria's compliance with obligations arising from relevant international copyright treaties, and
- d. Enhance the capacity of the Nigerian Copyright Commission for effective administration and enforcement of the provisions of the Copyright Act.

## Nigeria Government Enacts Startup Act.

The Nigerian president, Muhammadu Buhari, during this quarter acceded to the Nigerian Startup bill, thereby signing into law one of Nigeria pioneering statute in the startup ecosystem.

The Nigeria Startup Act is the output of the parley among ecosystem participants and the government regulatory Agencies to create a regime for startups in Nigeria. The Act aims to provide an enabling environment for the development, operation, and establishment of startups in Nigeria.

The Act, which is arranged in 10 Parts and 51 sections, creates a regime of Labeled Startups. Essentially,

a Labeled Startups is one registered by the National Information Technology Development Agency (NITDA) for the purpose of enjoying government backed incentives and performing obligations as set out in the Act. These incentives include tax, access to a Startup fund, access to a startup portal, talent and skill aggregation, amongst others.

A startup to be registered as a labeled startup must;

- a. Be a registered limited liability Company which has been in existence for less than 10 years.
- b. Has innovation, development, improvement & Commercialization of digital technology, innovative product or process as one of its objectives.
- c. Has the IP rights to the technology or process, or the software.
- d. Has at least one profit-sharing Nigerian founder.

A holding company or subsidiary of a company not itself labeled startup, does not qualify under the Act as a labeled startup.

A company which qualifies may apply through the Startup portal to be set up supported by such document to be prescribed by NITDA.

The Act established the National Council for Digital Innovation and Entrepreneurships (NCDIE). The NCDIE formulate general policies and give overall direction for the harmonization of regulation and laws for startups in Nigeria. The policies of the Council are implemented by the Secretariat. The Nigeria Information Technology Development Agency ("NITDA") serve as the Secretariat of the Council, while the Director General of NITDA is the Chairman of the Secretariat.

## **Some Incentives Introduced for Startups Under the Act.**

**Funding.** The Act created the Startup Investment Seed Fund to provide funding to early-stage finance and finance to labeled startups, and also to provide reliefs to incubators and other players in the ecosystem.

**Access to a one-stop access portal-** This underpins the database for the ecosystem which comprises even investors, accelerators and founders themselves.

## **Access to Tax Incentives.**

**i. Pioneer Status-** For qualified labeled startups which have introduced innovation or among those considered pioneering an industry, the acts provide for accelerated assistance to them to obtain the Pioneer Status from the National Investment Promotion Commission.

**ii. Income Tax Exemption-** The Act provide for a 4 years income Tax exemption for Labeled Startups. If granted the validity period commences upon date of issuance of startup label. The language used in granting the Income tax Exemption is however too passive, almost as if the incentive was begrudgingly provided. There is no clear-cut indication that startups are entitled or whether the Secretariat is in charge of issuing this incentive or the FIRS.

**iii. Graduate Employment Tax Incentive.** – Labeled Startups which employ 3 years post graduate or vocation staff member with no prior work experience will enjoy 5% tax relief from its assessable profits if it has a minimum of ten (10) employees and they thus constitute 60% of its workforce. This incentive is only valid for a period of 5 years.

**iv. Investment Tax Credit:** This is for angels investors, private equity, funds, incubators, impact investors, individuals. It is benchmarked at a rate of 30% for any investment in a labeled startup.

**v. Personal Income tax Exemption.** Employees of a labeled startup may enjoy exemption of payment of Personal income tax up to a rate of 35%. The Joint Tax Board and NITDA however, will have to come up with a modality of implement this exemption.

**vi. Withholding Tax on Foreign Experts-** Foreign experts who provide management, professional, technical or consulting services to a labeled startups would now only be subjected to a 5% withholding tax on their income from the services in Nigeria.

**Access to Export Facilities-** Startups to enjoys all the incentives and access to facilities from extant & relevant export statutes.

**Access to Central Bank of Nigeria,** Bank of Industry and other statutory financial institutions for SMEs Loans.

## IP WATCH

## ***Nigeria signs Agreement for digital Marketplace where intellectual property can be sold***

The Nigerian government has signed a 3-year intellectual property rights (IPR) agreement with Developing Africa Group (DAG) to create a marketplace where Nigerians can sell their intellectual property rights and receive royalties.

The platform will allow Nigerian creators to commercialize registered intellectual property rights, and enable them to sell or exchange those rights internationally.

According to the agreement, the partnership will also see the launch of a nationwide wallet where Nigerians can collect royalties or payments in form of digital tokens or cryptocurrencies on any intellectual property rights they upload on the platform.

## ***Senior Counselor to WIPO visits Nigeria to set the tone for IP Policy and Strategy.***

The senior counselor to the world Intellectual Property Organization (WIPO) visited Nigeria in September 2022, the purpose of this visit was to seek the support of the federal government in developing Nigeria's National Intellectual Property Policy and Strategy and modernizing intellectual property in Nigeria. The National IP Strategy will focus on youth entrepreneurship and developmental goals. The National IP Policy aims to bring together industry and academia and bridge the gap between policy idealization and policy implementation.

## PHOTO NEWS

## ***Benchmac & Ince 20th Anniversary***



A cross section of Benchmac and Ince Team.

# BENCHMAC & INCE 20TH YEAR ANNIVERSARY AND ANNUAL RETREAT; MY EXPERIENCE



By Veronica Kiele - Associate Benchmac & Ince.

**B**enchmac & Ince recently celebrated its 20 year anniversary alongside the 2022 annual retreat. Our Associate, Veronica Kiele shares this narrative on how the it went down.

The 5 days long programme began on the 27th of November 2022 with a thanksgiving mass at the SS. James and Philip Catholic Church Lekki, Lagos. The members of the firm and well wishers attended the mass in thanksgiving to God for his mercies thus far after which we all conveyed at a nice restaurant for lunch.

**Day 1 of the Retreat:** The day kicked off with a much-relaxed scenery, unlike every other Monday where everyone is expected to appear in a corporate attire, this particular Monday was an exception as everyone was adorned in the colours of the firm made into T-shirts which was paired with jean and sneakers. We started off by taking some good pictures before settling in for the lectures.

We had two speakers open our mind to Branding as an essential identity product of the Firm. We were exposed to the salient point that a brand is an identifier that sets a business apart from others which attract the right people who are indifferent about the business price.

Our speakers spoke extensively

on removing blockers by applying the push and pull mechanisms in attracting the right clientele. The push mechanism was described as a business drive to approach clientele, whereas the pull mechanism is creating visibility for the clientele to approach the business. What is important at all times, we were told, is to know what the firm's focus is.

**Day two of the retreat,** On Day 2 of the retreat, the focus of the resource person was primarily on Electronic Document Management Solution. This is the digitalization of document storage and it is premised on the conversion of paper documents which takes up too much space to a concise electronic version which makes storage easier. We were urged to thrive to adequately name files and save documents in designated files to allow for easy and quick access.

**Anniversary Dinner:** This was held at the Oriental Hotel Lekki on the 30th of November 2022, it was the perfect ambience for the evening gala with such classic music like jazz playing upon the arrival of guests and a well packaged gift for everyone in attendance (the guests comprised of clients, staff, alumni and other well-wishers of the firm).

At the entrance was the perfect blend of cocktail choices available to all.

The event kicked off with a brief history of the firm tagged the road to 20 and presented by the Managing Partner Mr. Ike Ibeku who explained how the name of the firm (BENCHMAC & INCE) was coined from the word benchmark as the firm thrives to be a standard as implied by the name and the famous inns of Court in London who are the professional associations for barristers in England and Wales.

The event comprised of fireside chats on SMEs and Energy etc. which were essentially educating. Music production, cultural display and a drama presentation were welcomed. It was such an entertaining and fun-filled evening.

The faces of the guests beamed with such elaborate smile and when asked to speak, the guests each commended the firm on their service delivery they used such words; as "efficient", "excellent", "caring", "top notch service" inter alia to describe the firm. We had a wonderful three course meal and an entire evening of laughter, networking and generally reflecting on the road to 20.

Happy 20th Anniversary to Benchmac and Ince.

