



NIGERIA EXPORT PROCESSING ZONES AUTHORITY

**INVESTMENT PROCEDURES, REGULATIONS AND OPERATIONAL GUIDELINES
FOR
FREE ZONES IN NIGERIA.**

2004

**Issued Pursuant to Section 10 (4) of the
Nigeria Export Processing Zones Act No 63 of 1992.**

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PART 1

INVESTMENT PROCEDURES

Investment Procedures:

Short Title/ Citation

1. The Nigeria Export Processing Zones Authority (hereinafter referred to as the Authority) shall in presenting to the President, Commander-in-Chief of the Armed Forces its recommendations for the designation by the President of such area as he thinks fit as a Free Zone (hereinafter referred to as Zone) shall accompany such recommendations with a socio-economic study of the proposed Zone and a project plan showing the location, layout, area and proposed utilization of the Zone.
DESIGNATION OF FREE ZONES.
2. Applications to undertake approved activity in a zone as provided by the Act shall be accepted by the Authority/Zone Management on the condition that the application is presented in the manner stipulated by the Authority from time to time and on the due submission of the application, the Authority shall issue a receipt to the applicant as evidence of the due receipt by the Authority/Zone Management of the application to undertake an approved activity in a zone.
APPLICATION TO UNDERTAKE APPROVED ACTIVITY IN A FREE ZONE.
3. Application to undertake approved activity in a Zone shall be made on forms provided by the Authority/Zone Management. The forms shall state the application fee and such other details as the authority may stipulate from time to time provided that a feasibility study in respect of the approved activity which the applicant wishes to undertake in the Zone shall be attached as an annexure to that application and which shall provide detailed information the following amongst others:
 - a. Project Description
 - b. Market Survey
 - c. Funding Proposals
 - d. Five year Financial Projections
 - e. Environmental Impact Statement
4. Application to undertake an approved activity shall be considered within **five working days** of its acknowledgement and the applicant notified in writing of approval or otherwise.
5. Upon receipt of approval to undertake approved activity in a Zone, an applicant shall apply to the Authority/Zone Management for licensing as an approved enterprise as provided by the Act.
LICENSING OF APPROVED ENTERPRISE.
6. Upon licensing, the said approved enterprise shall apply to the Authority/Zone Management for serviced land or factory space in the Zone.
APPLICATION FOR LAND OR BUILT-UP FACTORY SPACE.
7. (a) Application for building permit shall be submitted to the Authority/Zone Management after the execution of the land lease agreement and the Authority shall consider and grant building
BUILDING PERMIT.

permit on such terms as it deems fit within **four working days** of the receipt of the said application. Any modification or correction required by the Authority/Zone Management shall be incorporated in the approved building plan and complied with by the applicant.

(b) Development of land leased to an approved enterprise by the Authority or Zone Management shall be in accordance with the terms and conditions of the approved building permit issued by the Authority/Zone Management.

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| 8. | Buildings and structures to be constructed by an approved enterprise shall be permanent structures built with fire resistant material in accordance with building, public health and fire regulations adopted by the Authority from time to time. | COMPLIANCE WITH BUILDING REGULATIONS |
| 9. | Prior to the commencement of installation of machineries, the investor shall apply for power, water supply and electrical inspection test. Additionally, waste management and pollution control plan must be submitted for approval by the Authority/Zone Management before commencement of machine installations. | APPLICATION FOR INSPECTION OF UTILITY FACILITIES |
| 10. | An approved enterprise shall prior to the commencement of operations apply to the Authority/Management for permit to commence operations. The Authority shall within twenty-four hours of the receipt of the application complete inspection of the factory site to ensure compliance with relevant building, factory and public health laws and regulations and shall issue permit to commence operation if there be no breach of applicable laws and regulations within twenty-four hours of completion of the inspection. | PERMIT TO COMMENCE OPERATIONS |
| 11. | Where an approved enterprise has not complied with relevant regulations, the Authority/Zone Management shall in writing within twenty-four hours after the completion of inspection notify the approved enterprise of the non-compliance and direct that it be remedied within a stipulated period. | |
| 12. | An approved enterprise that has secured a lease of built-up factory space from the Authority shall commence its operations in the Zone within six months of the date of execution of the lease agreement. On application the Authority/Zone Management may grant an extension for a period not longer than three months. | COMMENCEMENT OF DEVELOPMENT AND OPERATIONS |
| 13. | Where an approved enterprise that has secured a lease of built-up factory space fails to commence operations in the Zone within six months after the execution of the lease agreement or such other extension as the Authority may grant, the license of the approved enterprise to carry on business in the Zone shall be revoked | |

- forthwith without further ado and any recourse to the Authority/Zone Management.
14. An approved enterprise that has secured a lease of land from the Authority/Zone Management shall commence development within **three months** and operations within **eighteen months** of the date of execution of lease agreement. On application, the Authority or Zone Management may grant an extension for a period not longer than 3 months and six months respectively, on such terms and conditions as it deems fit.
 15. Where an approved enterprise that has secured a lease of land fails to commence development and or operations within **three months** and **eighteen months** respectively after the execution of the lease agreement or such other extension as the Authority may grant, the license of the approved enterprise shall be revoked forthwith without further ado and any further recourse to the Authority. **REVOCATION OF LICENSE FOR FAILURE TO COMMENCE DEVELOPMENT OR OPERATIONS WITHIN THE STIPULATED PERIOD.**
 16. An approved enterprise can engage in approved activities as stipulated by the Decree and for which the Authority has granted it permission to engage in a Zone provided the approved enterprise's investment in the approved activity is of the value of at least **US\$500,000.00** (five hundred thousand United States dollars) and the operation of the approved activity does not cause damage to human life and property, damage the environment, constitute a threat to public peace and order or national security. **APPROVED ACTIVITIES FOR INVESTMENT**
 17. No real property or any part thereof whether developed or not, shall be sub demised or demised in any form in a Zone without the prior written approval of the Authority or Zone Management having been first sought and obtained. **DEMISE OR SUBDEMISE OF REAL PROPERTY IN THE ZONES**
 18. Investor wishing to alter, expand or demolish any part of a leased factory building must seek the prior approval of the Authority before carrying out such activity and cost involved shall be borne by the investor. **ALTERATION, EXPANSION AND DEMOLITION OF PREBUILT FACTORY BUILDING**
 19. All investor in the Zone shall be required to pay applicable ground rent at the prevailing rate to the Authority calculated on monthly basis. **PAYMENT OF GROUND RENT**
 20. An approved enterprise shall pay the applicable rates per annum as Zone Management and Marketing/Promotion Fees for services provided. **MANAGEMENT AND MARKETING/ PROMOTION FEES**
 21. In the event that an investor wishes to disinvest for any reason, the Authority shall takeover the building at an agreed sum and payment terms. **DISINVESTMENT**

PART 2

GENERAL REGULATIONS

PRELIMINARY

These regulations are issued by the Nigeria Export Processing Zones Authority pursuant to Sections 10 (4) of the Nigeria Export Processing Zones Authority (Act No.63 of 1992). An approved enterprise shall operate in accordance with the provisions of the Act and shall abide by these regulations.

General Regulations

SHORT TITLE/ CITATION

These Regulations are made pursuant to Section 10 (4) of the act

1. The licensing, monitoring, and regulation of all free zones in Nigeria is vested in the Authority. **LICENSING, MONITORING AND REGULATION OF FREE ZONES.**
2. The Management of Federal Government Free Zones is vested in the Authority while those of States and private entities is vested in the licensees. **MANAGEMENT OF FREE ZONES.**
3. Approved enterprises within Nigeria Free Zones shall be entitled to the following incentives and concessions: **INCENTIVES AND CONCESSIONS.**
 - a. Legislative provisions pertaining to taxes, levies, duties and foreign exchange regulations shall not apply within the free zones;
 - b. Repatriation of foreign capital investment in the zones at any time with capital appreciation of the investment;
 - c. Remittance of profits and dividends earned by foreign investors in the zones;
 - d. No import or export licenses shall be required;
 - e. Up to 100% of production may be sold in the customs territory against a valid permit, and on payment of appropriate duties;
 - f. Rent free land at construction stage, thereafter rent shall be as determined by the Authority or Zone Management;
 - g. Up to 100% foreign ownership of business in the zones allowable;
 - h. Foreign managers and qualified personnel may be employed by companies operating in the zones;

- i. The import duty on goods manufactured, processed or assembled in the free zones and exported into the Nigerian customs territory, shall be the rate applicable to the raw materials (in the state in which they are originally introduced into the free zones)
4. (a) The Authority may permit any banking institution duly licensed under Banks and Other Allied Financial Institutions Act of 1991 or other relevant legislation and licensed foreign Banks to establish a branch in the Free Zones for the purpose of providing banking services.
- (b) Any banking institution so permitted shall abide by the laws governing offshore banking in the zones.
5. (a) No person shall enter, remain in or reside in a zone without the prior permission of the Authority.
- (b) No retail trade shall be conducted within the a zone without the prior approval of the Authority and which may be subject to such terms and conditions as may be imposed by the Authority.
- (c) Access to the Zone is restricted and shall be subject to the presentation of a pass and such conditions as the Authority may stipulate from time to time in writing.
6. (a) The Authority or Zone Management shall have power to take over goods abandoned in a Free Zone and dispose of them in a manner it may deem fit.
- (b) Goods or properties are declared abandoned where the owner or person in possession has discarded it and is indifferent as to what becomes of it.
7. Any costs incurred by the Authority in removing abandoned goods shall be refunded on demand by the Licensee or owner of the abandoned goods.
8. Goods brought into the Free Zone by a Licensee may unless otherwise directed by the Authority:
- a. be stored, sold, exhibited, broken up, packed, cleaned, marked, remarked, loaded, unloaded, reloaded, divided, mixed, separated or otherwise manipulated; or
- b. be worked, processed, or reprocessed or otherwise manipulated or manufactured; or
- BANKING BUSINESS**
- MOVEMENT OF PERSONS, GOODS, ETC. IN AND OUT OF FREE ZONES**
- ADANDONED GOODS**
- MANUFACTURING AND PROCESSING**

- c. be consumed if the goods are meant for consumption in the zone; or
- d. be removed from a zone or sent into the customs territory, whether as originally packed or otherwise subject to the payment of appropriate duties and to the provisions of Customs, Excise Tariff, Etc (Consolidation) Act.
9. An approved enterprise shall prepare and submit to the Authority on a quarterly basis at the end of a quarter in the format prescribed by the Authority a report on its operations including but not limited to production, sales and flow of goods and raw materials during the period. **QUARTERLY REPORT ON OPERATIONS BY APPROVED ENTERPRISES**
10. An approved enterprise shall prepare and keep proper and accurate books of accounts and records in conformity with accepted international accounting principles and standards. Furthermore, supplementary ledgers shall also be kept to provide daily entries of detailed postings on the receipts and issuances of raw-materials, finished products, waste and scraps and an approved enterprise shall permit the inspection of such books by the Authority as may be required. **BOOKS AND RECORDS**
11. An approved enterprise shall have its accounts duly certified as provided for by applicable laws and regulations and submit it to the Authority not later than **30 days** after its adoption. **AUDITED ACCOUNTS**
12. Registration of vehicles in the Free Zone shall be in accordance to the Rules and Regulations set down by the Authority in consultation with the Federal Road Safety Commission. **REGISTRATION OF VEHICLES**
13. A driver of a vehicle in the Free Zones must be in possession of a valid driving licence issued by the Federal Road Safety Commission or an international driving License issued by an appropriate authority which must be appropriate for the class of vehicle being driven. **ISSUE OF DRIVING LICENCES**
14. Dedicated Free Zone Customs, Police and Immigration Command shall be established to deal with aspects of movement of goods and persons in to and out of the Free Zones. **CUSTOMS, POLICE AND IMMIGRATION**
15. Without prejudice to the Act, the following Customs Procedures shall apply: **CUSTOMS PROCEDURES**
- a. Goods released into the Customs Territory shall be classified as imports and shall be subject to all applicable taxes duties and levies as applicable to Free Trade Zone products.
- b. Equipment and consumables to be used in the construction of facilities may be imported into the Free Zone by a Licensee free of any taxes, duties or levies.

- c. The procedure for importing goods into the Free Zone is as set out in Schedule A of this Regulation.
- d. The procedure for exporting goods from the Free Zone is as set out in Schedule B of this Regulation.
- e. The procedure for handling goods, which require repairs and maintenance is as set out in Schedule C of this Regulation.
- f. The procedures for transferring goods from one licensee to another is as set out in Schedule D of this Regulation.
- g. The procedures for transferring goods from one Free Zone to another is as set out in Schedule E of this Regulation.
16. An approved enterprise shall on the execution of a lease agreement with the Authority for built-up factory space or land for development as factory site apply to the Authority for work permits for it's alien workers in such format as the Authority may stipulate. **IMMIGRATION PROCEDURES**
17. Application for work permits for aliens shall only be accepted by the Authority if in conformity with the Authority's stated and written requirements. On acceptance of an application for work permit for aliens the Authority shall acknowledge receipt of same.
18. The Authority shall consider an application for work permit for aliens and notify the applicant of the grant of the permit or otherwise within 30 days of due submission of said application.
19. An approved enterprise shall forward to the Authority at the end of each quarter such information on the use of its permit to employ aliens as the Authority in writing may stipulate.
22. The Authority or Management of a Free Zone shall provide security over the premises, properties and facilities within the Free Zones. **SECURITY IN THE FREE ZONE**
23. The Authority or the Management of the Zone shall issue a Schedule of the Charges applicable in the Free Zone and make copies available on request to the operators or Licence Holder. The Authority may review such charges from time to time. **FREE ZONE TARIFFS AND CHARGES**
23. Except as provided under this Act, an enactment applicable in the customs territory shall apply within the Free Zones. **APPLICABLE LAWS ETC.**
24. (a) Where any dispute arises between a Licensee and another Licence Holder in the Free Zone which cannot be amicably settled between the parties, the matter shall be referred by either of the **ARBITRATION LITIGATION / COURT CASES**

parties to the Free Zone Authority for settlement and the decision of the Authority shall be communicated to both parties accordingly.

(b) Where any dispute arises between a Licensee and any other Government Agency or Department in the Free Zone, the matter shall be referred to the Authority by either of the parties concerned and the Authority shall represent the Licensee in all negotiations, Arbitration, settlement and reconciliation of the same. In this respect, the Arbitration and Conciliation Act Cap 19 Laws of the Federation of Nigeria 1990 shall apply.

(c) Where any dispute arises between any Licensee and their employees, which cannot be amicably settled between the parties, the matter shall be referred to the Authority, which shall take all necessary steps to reach Settlement between the parties.

(d) In all the above cases, the Authority or the Zone Management reserves the right to intervene at any stage of any dispute in order to maintain industrial peace in the Zone.

25. In all cases involving litigation in the Free Zone, the appropriate law in the customs territory shall apply.
26. No expatriate employee of any Licensee shall accept Employment outside the Free Zone or offer the same services outside the Free Zone without the consent and approval of the Authority.
27. All Licensees shall observe the relevant measures necessary for protection and preservation of the Free Zone environment and the immediate host community.
28. Approved enterprise shall abide with applicable environmental pollution laws and regulations and shall ensure that pollution treatment facilities or other suitable devices are used to ensure that wastes and pollutants caused by their production processes are kept within tolerable limits as prescribed by applicable laws and regulations.
29. The Authority shall inspect and monitor the operations of anti-pollution devices and measures in a Zone in conjunction with relevant Government Agencies and shall apply appropriate sanctions for breaches of applicable laws and regulations as provided by said laws and regulations.
30. The factory owner shall be responsible for the beautification of the immediate surrounding of their factories. The Authority or Zone Management shall be responsible for general beautification of the Zone and the maintenance of such facilities such as: roads, drainage, street lightening, water supply line, sewage line, fire fighting etc. Maintenance works executed by the Authority at the instance of the investor shall be paid for by the investor. Connection of factory

PROVISION OF SERVICES OUTSIDE THE FREE ZONE.

ENVIRONMENTAL SAFETY & POLLUTION CONTROL

MAINTENANCE RESPONSIBILITIES

building to power, water supply, sewage lines, fire fighting system and Telecommunication lines shall be at the approved rate. Thereafter, payments for facilities consumed will be paid for at rates prevailing.

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| 31. Implementation of these Regulations shall be by Notice duly issued or publicly displayed. | IMPLEMENTATION
CLAUSE |
| 32. These Regulations shall come into force on a date to be determined by the Honourable Minister or the Board of Directors of the Authority. | COMMENCEMENT |
| 33. These regulations are prescribed pursuant to provisions of Nigeria Export Processing Zones Act 1992 (herein referred to as the Act). | REGULATIONS |
| 34. These Regulations shall be enforced by the Nigeria Export Processing Zones Authority which expression shall include the Management of the Zones (as applicable). | ENFORCEMENT |
| 35. All matters not provided for in these Regulations except those expressly stated herein that they would be provided for by specific regulation shall be subject to existing laws and regulations and all aforesaid Regulations shall constitute part of these regulations. | |

IN ACCORDANCE WITH THE POWERS CONFERRED ON ME BY SECTIONS 10(4) AND 27 OF THE NIGERIA EXPORT PROCESSING ZONES AUTHORITY ACT NO. 63 OF 1992 AND ALL OTHER ENABLING LAWS IN THAT BEHALF, I, **THE HONOURABLE MINISTER OF COMMERCE, FEDERAL REPUBLIC OF NIGERIA HEREBY EXECUTE AND PROMULGATE THESE REGULATIONS WHICH COME INTO FORCE ON THE DATE BELOW.**

DATED AT ABUJA THIS ----- DAY OF ----- 2002

**_____
HONOURABLE MINISTER FOR COMMERCE**

PART 3

CUSTOMS PROCEDURES AND REGULATIONS

Custom Procedures and Regulations

SCHEDULE A

PROCEDURES FOR IMPORTING GOODS INTO THE FREE ZONE

1) **General Procedures for Importing Goods Into The Free Zone**

Goods shall be imported into Free Zones in accordance with the following procedures:

- a. The Licensee shall ensure that the supplier of the goods forwards the Bill of Lading/Air Waybill, the Invoices and Packing List are itemised with prices for each item in the list. The vessel/aircraft's manifest relating to such goods are to be clearly marked with a statement that "Free Zone Status shall apply".
- b. The Licensee shall comply with the following requirements in relation to the Bill of Lading/Air Waybill ("the Bill"):
 - the Bill shall indicate that the consignee of the goods is the Licensee and specify the Licensee's address as being "address of the Free Zone in which the Licensee is located";
 - if for banking or other reasons the identification of the "Consignee" has to be completed differently, the above information must appear prominently in the "Marks and Numbers" section of the Bill. The "Notify Party" shall be the Free Zone Licensee. The Zone Management shall be notified to this effect;
 - in relation to sea shipments, the "Port of Discharge" shall be clearly specified, and
 - in relation to air shipments, the "Airport of Final Destination" shall be clearly specified.
- c. The Zone Management shall require the shipping line/airline to have a separate manifest for goods to be delivered to the Free Zone.
- d. The Licensee shall provide to the Zone Management an advance manifest 7 (seven) days before arrival of the vessel. For Airlines, the manifest shall be provided prior or upon arrival of aircraft.
- e. The Licensee shall submit a "Transaction Request Order" and provide to the Zone Management prior to arrival of goods or upon shipment, certified copies of Commercial Invoices, Packing List, Bill of Lading and other relevant documents.
- f. On receipt of the "Transaction Request Order" with the specified documents, the Zone Management shall prepare a "Request to Transfer Under Customs Escort" or "Transfer Request" authorising the goods to be transferred from the point of discharge to the Free Zone.

- g. The duly authorised and endorsed "Transfer Request" shall be delivered to the relevant Terminal Operator/Aviation Handling Company who shall transfer the goods from the quayside/Cargo Shed to the appropriate stacking area. Upon completion of stacking, the Transfer Request shall be signed by the Terminal Operator/Aviation handling Company and returned to the Zone.

2) Specific Procedures For Importing Goods Into the Free Zone By Sea

- a. For delivery by sea, the commercial invoice relating to the goods shall indicate the amount ascribed to insurance of the goods during the voyage, even if the terms of sale are Ex Works, FOB, C&S or otherwise.
- b. Upon receipt of dispatch shipping documents from the supplier, the Licensee should complete a "Transaction Request Order" and send this to the Zone Management together with copies of the following documents:
 - Commercial Invoice
 - Bill of Lading
 - Packing List; and
 - [Form C16 and attested Invoices]
- c. Upon receipt of the "Transaction Request Order" and specified documents, the Zone Management shall prepare a "Transfer Request" authorising the goods to be transferred directly from the vessel to the Free Zone upon arrival. The Transfer Request shall first be endorsed by the Free Zone Customs, the Ship's Agent, the Nigerian Ports Authority. The "Transfer Request" shall be noted with the stack address of the cargo and a stock reference number. The Licensee shall give a blanket authority to the Free Zone Management to transfer goods upon discharge except otherwise indicted and pay applicable charges.
- d. After paying all applicable charges, the Shipping Agent will issue a Delivery Order to the Licensee, a copy of which shall be made available to the Zone Management.
- e. The duly authorised and endorsed "Transfer Request/Request to Transfer Under Customs Escort" shall be delivered to the Terminal Operator who shall transfer the goods from the quayside to the appropriate stacking area. Upon completion of stacking, the "Transfer Request/Request to Transfer Under Customs Escort" shall be signed by the Terminal Operator and returned to the Zone.
- f. With the Delivery Order and the "Transfer Request", the Licensee or the Free Zone Management (on request) takes delivery of the cargo from the quayside or staking area and transport it under Customs' escort to the Free Zone.
- g. Receipted copies of the Transfer request are the sent to the Licensee, Nigeria Customs Service, the Terminal Operator and or Nigerian Ports Authority.

3) Special Procedures For Importing of Goods Into The Free Zone By Air Freight

- a. The Nigerian Airport Handling Company (NAHCO) shall discharge the aircraft. The cargo is then tallied, reconciled to the manifest and transferred to the cargo arrival shed;
- b. On receipt of an advice from the NAHCO, the Licensee shall collect the documentation relating to the goods from the airline. After paying all applicable charges, the airline will issue a Delivery Order to the Licensee, a copy of which shall be made available to the Zone management.
- c. On receipt of a "Transaction Request Order" together with the Commercial Invoice, Air Waybill, Packing List and other relevant documents, the Zone Management shall issue a "Request to Transfer Under Customs Escort" duly endorsed by the Free Zone Customs and the Airport Customs.
- d. The Airline shall make available a separate manifest of all Free Zone cargo on-board the flight, the manifest shall be made available to the Free Zone management prior or upon arrival of the flight duly sealed by the airline Agents.
- e. With the Delivery Order and the "Transfer Request", the Licensee or the Free Zone Management (on request) takes delivery of the cargo and transport it under Customs escort from the Airport to the Free zone.
- f. On arrival at the Free Zone, the consignment is then written off the incoming aircraft manifest and a copy of the receipted "Transfer Request" is forwarded to NAHCO through the Free Zone Customs.

4) Special Procedures for Importing Goods Into the Free Zone by Road Freight

- a. Where the Licensee requires goods to be delivered to the Free Zone by road freight, the Licensee shall apply in writing to the Zone Management for permission for the transfer. Such application shall be supported by all relevant commercial documents.
- b. Where goods require transfer by road freight because they have been misdirected in the original delivery process, the Licensee shall support the application with a report stating how the goods were misdirected.
- c. If the Zone Management and the Free Zone Customs consent to the application, the Zone Management shall issue a "Request to Transfer Goods" and arrange Customs' escort. The "Transfer Request" shall be endorsed by the Zone Management and the Free Zone Customs.
- d. Upon receipt of the "Transfer Request" by the Border Post Customs where the goods are being held, the goods shall be delivered to the Free Zone under Customs escort.
- e. On arrival at the Free Zone, the duly authorised and endorsed "Transfer Request" is then forwarded to the Customs Command at the point of discharge for use by them to strike the manifest.

5) Cargotrack Inventory System

- a. All deliveries of goods to the Free Zone may be entered into the Zones' "Cargotrack" tracking and inventory system.
- b. The Zone Management may issue stock reports showing a Licensee's goods movement at intervals agreed by the Licensee and the Zone. The Free Zone Customs shall have access to the stock control elements of the Cargotrack system.
- c. The Licensee will on request by the Zone Management or the Free Zone Customs provide statistical data, delivery and receipt returns and any other information that may be called upon from time to time.
- d. The Zone Management and the Free Zone Customs may inspect the records and books of account of the Licensee at any reasonable time.
- e. The Licensee shall permit the Zone Management and the Free Zone Customs to access the factory, warehouse, assembly plant or any other premises of the Licensee for the purposes of examining any good(s) to ensure the accuracy of the particulars entered in the records and books of account of the Licensee. The Zone management or Free Zone Customs may require that its officers be stationed on the premises of the Licensee for the purposes of inspection in which case the Licensee must provide suitable office accommodation for such officers.

SCHEDULE B**PROCEDURES FOR EXPORTING GOODS FROM THE FREE ZONE****(1) Exporting Goods From The Free Zone Into The Customs Territory***Release on Payment of Duty*

These procedures apply to importers desirous of importing goods from the Free Zone into the Customs Territory in the normal course of trading activities. The goods shall be subject to normal customs rules and regulations appertaining to imports into the customs territory.

- a. The importer shall first submit a completed Form M to his bank ("the Bank"). The "Country of Origin" and "Country of Supply" (the applicable Free Zone) of the goods shall be clearly specified on the Form M.
- b. The Bank shall countersign the Form M and attest the supporting documents. Where appropriate, the documents may be stamped "Not Valid for Foreign Exchange" by the Bank. A "Transaction Request Order" shall be completed by the Licensee and sent to the Zone Management together with copies of the following documents (as attested by the Bank):-
 - Commercial Invoice;
 - Form M;
 - Bill of Lading;
 - Packing List; and
 - Form C16
- c. Provided the "Transaction Request Order" and attached documents are acceptable to the Zone Management, it shall prepare a "Request to Examine, Assess and Value/Classification" to the Free Zone Customs and Pre-shipment Inspection Agent (P.I.A.).
- d. A joint examination between the Customs and the PIA shall be carried out and a Clean Report of Inspection (C.R.I.) will be issued by the PIA. For urgently required goods for clients with Bank Guaranteed/Bond duly endorsed by the Free Zone Customs and Free Zone Management, a draft document, duly signed by the Customs and PIA specifying the duty payable will be used against the Bond for the immediate release of the goods.
 - For duty payment immediately the Licensee, or his Clearing Agent, shall present the Clean Report of Inspection (C.R.I) with other documents to the bank for duty payment. The bank shall issue the importer a Bank shipment/ Receipt of payment (Bank pay-in-slip).
 - The importer will complete the Single Goods Declaration (SGD) forms attaching, the CRI, invoice, Bill of Lading, Packing List and C16 for endorsement and process at the Customs Processing Centre.

- The Free Zone Customs if satisfied will release the goods for delivery to the importer.
- The Free Zone Customs Command shall jointly with the pre-shipment inspection agent arrange for examination, valuation and classification of the goods.
- e. Upon completion, the Free Zone Customs Command shall endorse the SGD and issue it to the importer.
- f. Upon receipt of the endorsed SGD, the importer shall pay the agreed duty to a Customs Designated Bank using a Bank Pay-in Slip, which bank shall provide the importer with a Customs Revenue Receipt.
- g. The importer shall then prepare a Customs Bill of Entry and submit the same to the Free Zone Customs under cover of the original Request to Release, the Revenue Receipt and a copy of the endorsed SGD.
- h. If acceptable to the Free Zone Customs, the Bill of Entry shall be stamped and signed by the Free Zone Customs and the SGD shall again be endorsed.
- i. The Zone Management shall issue a Delivery Order to the importer
- j. Upon production of the Delivery Order by the importer, the goods are released for delivery into the Customs Territory.

Pre-Release of Free Zone Goods with Deferred Duty Payment/ Scheduling System.

These rules shall apply where the Licensee wishes to implement a duty scheduling system ("the System") whereby goods required for use on an urgent basis in the Customs Territory can be imported from the Free Zone with payment of Customs duty deferred to a later time. To qualify for the System, the Licensee must comply with the following procedures.

- a. The Licensee shall establish a Customs Free Zone Guarantee with the Licensee's bank for an amount sufficient to cover the amount of Customs duty that is expected to be outstanding at any one time.
- b. The Licensee shall then submit an application for registration under the System to the Zone management. If acceptable, the Zone Management shall countersign the application and forward it to the Free Zone Customs for approval. If approved, the Zone Management shall open a separate "Cargotrack" system to record the Licensee's release of goods under the System.

(2) Exporting Goods to a Foreign Territory By Sea

- a. To export goods from the Free Zone to a Foreign Territory by sea, the Licensee shall make an application in the form of a "Transaction Request Order" to the Zone Management. The application shall be accompanied with copies of the Bill of Lading, Commercial Invoices, Packing List and Export Declaration documents.

- b. The Zone Management shall issue a request to the Customs for examination of the goods. The application shall be authorised by the Free Zone Customs and an examination of the goods against the document submitted shall be physically carried out.
- c. Approval to release goods and endorsement of the export declaration for export is raised to the Licensee/Agent.
- d. The Licensee/ Agents shall forward the Customs release documents and Export Declaration documents to the Nigerian Ports Authority for release and endorsement.
- e. The Zone Authority shall request the Nigeria Ports Authority to deliver the goods to the relevant vessel. NPA shall carry out the delivery of the goods upon payment by the Licensee of all storage and handling charges.
- f. The goods delivered on board the vessel shall be tallied and reconciled to the vessel's manifest by NPA. On completion of the above, the Captain of the vessel shall endorse the Export Declaration Form for the Free Zone Customs as evidence of shipment.
- g. The Licensee shall then receive a Bill of Lading evidencing the shipment of the goods on payment of all freight charges.
- h. The Licensee shall then perfect an Export Bill of Entry with the Customs at the Customs Processing Centre (CPC) and present the same together with copies of the endorsed Export Declaration for final release by Customs.

(3) Exporting Goods to a Foreign Territory by Air Freight

- a. To export goods by air, the Licensee shall make an application in the form of a "Transaction Request Order" to the Zone Management. The application shall be accompanied with copies of the Air Waybill, Commercial Invoices, Packing List and Export Declaration documents.
 - The Zone Management shall complete the same procedures as exporting of goods by sea.
 - The Zone Management shall submit the Free Zone Customs Release, Export Declaration duly endorsed by Customs, NAHCO release together with other cargo documents with an application to export goods to the Airport Customs for approval
 - Airport Customs approves and the Licensee/ Agents submit release documents to NAHCO for payments of statutory handling charges.
- b. The goods shall be released by the Free Zone Customs and transported to the airport under Customs escort.

- c. The goods together with the Export Declaration shall be handed over to the airport Customs and NAHCO officials, who shall tally the goods, on load onto the Aircraft, sign and stamp the Export Declaration. The Pilot of the vessel shall endorse the Export declaration documents.
- d. The Licensee shall prepare an Export Bill of Entry attaching a copy of the stamped Export Declaration and other documents and submit them to the Free Zone Customs.

e.

SCHEDULE C**PROCEDURES FOR HANDLING GOODS THAT REQUIRE REPAIR AND MAINTENANCE****1) Goods From Within the Customs Territory Being Repaired or Maintained In The Free Zone**

- a. The Licensee may apply to the Zone Management requesting repair of goods situated within the Customs Territory in the Free Zone.
- b. The application shall be made on a "Transaction Request Order" accompanied by a brief explanation of the reasons for repairs and all relevant documents as may be required by the Zone management like contract or acceptance to repairs or maintain the equipment correspondence between the two companies doing the business and duration of maintenance.
- c. The Request shall carry all necessary documents used for the importation of the materials to be used for the maintenance into the Free Zone
- d. The Authority shall apply to Free Zone Customs/ P.I.A. for examination of the item to be consumed during the process of maintenance where goods shall be returned to the Customs territory after repairs.
- e. The P.I.A shall issue a C.R.I. on the goods utilised on the repairs and the necessary duties, levies shall be paid, and the Licensee / Agents shall perfect the entries (SGD) accordingly.
- f. For repairs and export to other countries, only Customs examination shall be carried out on the goods. Other procedures for export shall follow on the utilised goods as prescribed above

2) Goods For Repair, Refurbishment or Maintenance In The Customs Territory

- g. The Licensee may apply to the Zone management requesting goods situated in the Free Zone to be repaired in the Customs Territory.
- h. The Zone Management shall issue a Request for Repair of Free Zone Goods in Nigeria ("Request for Repair") enclosing information provided by the Licensee.
- i. The Free Zone Customs shall then examine the goods and release for repairs.
- j. Goods will then be released from the Free Zone with the approval documents.
- k. Customs duty will be charged on goods not returned within the time limit specified in the authorisation, unless an application for an extension of time is made by the Licensee and approved by the Zone management. Additional penalties may also be payable where applicable.

- I. On completion of repairs and the delivery of the goods into the Free Zone, the goods will be examined against the original "Request for Repair" and the goods will be returned to Free Zone.

m.

SCHEDULE D**PROCEDURES FOR GOODS BEING TRANSFERRED FROM ONE LICENSEE TO ANOTHER WITHIN A ZONE**

- a. Where a Licensee wishes to sell TO another Licensee goods situated in the Free Zone for use in the Customs Territory, the Licensee purchasing goods must first submit a "Transaction Request Order" to the Zone Management together with all documentation supporting the original transfer of the goods into the Free Zone.
- b. Thereafter, the transfer of goods shall be in accordance with procedures for importing goods from a Free Zone to the customs territory as set out in Part 3, Schedule B but with both old sales invoice and the new Sales Invoice and opening of a Form M.
- c. Where a Licensee wishes to sell to another Licensee goods situated in the Free Zone to remain in the Free Zone, the vendor Licensee shall prepare a "Transaction Request Order".
- d. The "Transfer Request Order" must be submitted to the Zone Management together with a copy of the original commercial invoice covering the importation of the goods into the Free Zone and the new invoice raised in the Free Zone.
- e. Upon approval of the "Transaction Request Order" by the Zone Management and notification to the Free Zone Customs, completion of the sale of the goods takes place.

f.

SCHEDULE E

PROCEDURES FOR TRANSFERRING GOODS BETWEEN ONE FREE ZONE AND ANOTHER

This will be treated as a normal export if the cargoes are to be transferred to a Free Zone in within Nigeria. The Free Zone Customs escort shall return to the Free Zone with a duly endorsed landing certificate from the Free Zone Customs of goods destination.

PART 4

LICENSING OF FREE ZONES AND BUSINESS ENTERPRISES

Licensing of Free Zones and Business Enterprises

1. APPLICATION FOR LICENCE

An application for a Licence shall be made to the Authority/Zone Management by completing the prescribed form accompanied with all the required documents.

2. TYPES OF LICENCE

The Authority/Zone Management may grant approval for one or more of the following Licences:

- a. Free Zone Developers Licence
- b. Free Zone Enterprise Licence
- c. Export Processing Factory/Export Processing Farm Licence

Free Zone Developers License

License granted by the Authority to either a public, private entity or a combination of the two for the establishment, operation and management of a Free Zone in Nigeria under the supervision, monitoring and regulation by the Nigeria Export Processing Zones Authority.

Free Zone Enterprise License

License granted by the Authority/Zone Management for an enterprise to undertake an approved activity within a Free Zone. These activities could be:

- a. Manufacturing
- b. Trading
- c. Service Provision

Export Processing Factory/Export Processing Farm License

License granted by the Authority to an export oriented manufacturing enterprise of farm located in the customs territory which has the capacity to export over 75% of its production.

3. ELIGIBILITY FOR A LICENCE

In determining eligibility for a Licence, the Authority/Zone Management may consider the following:-

- a. the activities which the applicant proposes to engage shall be in consonance with the free zone approved activities;
- b. the proposed activities to be carried out shall will add value to and be consistent with, the development programme for the Free Zone;
- c. the applicant shall comply with the provisions of the Act and applicable Rules and Regulations that may be put in place by the Authority/Zone management from time to time;
- d. the technical, financial and managerial capabilities of the applicant; and
- e. the applicant's experience and track record;
- f. the level of foreign direct investment proposed by the applicant, and
- g. for free zone developers, evidence of title to a suitable land area free of encumbrances for the intended purpose.

4. ISSUE OF A LICENCE

- a. A Licence shall only be issued to an Applicant who has satisfied the Authority/Zone management in all respects.
- b. A Licence shall be considered personal to the Licensee who shall not transfer, assign, or purport to transfer or assign the Licence in whole or in part without the prior written consent of Authority/Zone Management.

5. CONTINUING OBLIGATIONS

A Licensee shall at all times:

- a. comply in all respects with terms and conditions of Licence and Lease Agreement;
- b. comply with the Act and Regulations and Circulars issued by the Authority/Zone Management;
- c. comply in all respects with the laws of the State to the extent that the same are applicable in the Free Zone; and
- d. submit to the Authority/Zone Management at such intervals that may be prescribed, such statistical data, information and returns such as the audited

accounts, sales and purchases and other operations of the Licensee as the Authority may require or prescribe from time to time.

6 RENEWAL OF LICENCE

A Licence will be valid until the end of the year of issue. At the end of this period, the Licence will be renewable on:-

- a. payment of the Licence renewal Fee;
- b. production of any other documents, returns or information which the Authority;
- c. payment of all outstanding amounts (if any) due to the Authority.

7. OPERATIONS OUTSIDE THE FREE ZONE

Licences issued by the Authority/Zone Management shall only be valid within the Free Zone. Licensee wishing to carry on business outside the Free Zone must comply with the applicable laws in force for the time being outside the Free Zone.

11 PREMISES

A Licensee shall enter into separate Lease Agreements in respect of each parcel of land or premises which the Licensee proposes to hold in the Zone.

12 REVOCATION OF LICENSE

The Authority may revoke a Licence if a Licensee fails to comply with the provisions of the Act, Regulations and Circulars issued by the Authority/Zone Management from time to time. The Authority may also revoke a Licence if the Licensee is in breach of any of its obligations under any Lease Agreement to which the Licensee is a party or is in breach of any conditions attached to any Licence held by the Licensee.

13 FEES

The fee for each Licence shall be as prescribed from time to time.

PART 5

FREE ZONE REGISTRY PROCEDURES AND
REGULATIONS

Free Zone Registry Procedures and Regulations

1. REGISTRATION

Upon a Licence being granted to an approved entity by the Authority/Zone Management, the Authority shall cause all relevant details concerning such enterprise to be entered in the FZ Register and for a Certificate of Registration, duly executed by or on behalf of the Authority/Zone Management, to be issued.

2. RIGHT OF THE REGISTRY TO REQUEST AND RECEIVE INFORMATION

Licensees exempt from providing, filing or submitting information to Government Institutions other than the Authority. The Free Zone Registry will provide pertinent information to other Government Institutions and therefore has the right to request and receive on timely bases such information, including audited accounts, as deemed appropriate by the Authority/Zone Management.

3. SHARE CAPITAL

- A. The capital of each Free Zone Establishment shall be denominated in either local currency (Naira) or the United States Dollars (US\$).
- B. The capital of each Free Zone Establishment shall be divided into shares. Each share shall be numbered. Each share shall be represented by a share certificate in such form as the Authority may prescribe from time to time.
- C. The share capital of a Free Zone Establishment may be paid in cash or by way of contribution in kind or by a combination of cash and in kind contribution. Any such authorisation shall be subject to such conditions as the Authority may require.
- D. The share capital of a Free Zone Establishment may be altered by Owner's Declaration subject to the prior approval of the Authority. Details of each alteration in the share capital of a Free Zone Establishment shall be entered in the FZE Register and shall take effect from the date of such registration.
- E. A Free Zone Enterprise, being a body corporate, and undertaking an approved activity shall notify the Authority/Zone Management of any purchase, assignment or transfer of shares in the Enterprise, except where its shares are quoted and are freely transferable on any international Stock Exchange.

4. NAME

The name of a Free Zone Enterprise must end with the acronym of the within which it is located. A Free Zone Enterprise shall not be registered in the FZE Register with a name, which is not approved by the Authority. A Free Zone Enterprise may change its name by Owner's Declaration subject to the proposed new name being approved by the Authority. The new name of the Free Zone Enterprise shall be entered in the FZE Register and a Certificate of Change of Name issued by the FZ Registry. Each Certificate of Change of Name shall specify, among other things, the date of registration of the new name in the FZE Register, being the date on which such new name shall take effect.

5. REGISTERED ADDRESS

Each Free Zone Enterprise shall at all times have an address, either in the Free Zone, in the State or in any other State, to which all communications and notices may be addressed. Details of such address, which shall be its registered address, and of any change of address, shall be notified within 14 days to the FZ Registry and details thereof promptly entered in the FZE Register.

6. SIGN-NAME PLATE

Every Free Zone Enterprise shall affix, and keep affixed its name on the outside of every office or place in which its business is carried on in a conspicuous position and in letters easily legible in accordance with the requirements of the Authority/Zone Management.

7. BUSINESS LETTERS, ETC.

- A. Every Free Zone Enterprise shall have its name mentioned in legible characters in all its business letters, notices and other official publications. On all promissory notes, cheques and other bills of exchange and orders for money, goods or services purporting to be signed by or on behalf of the Free Zone Enterprise and on all its parcels, invoices, receipts, letters of credit and guarantees.
- B. Every Free Zone Enterprise shall mention its registered address in legible characters in all its business letters and order forms.

8. SHARES

- A. No share in a Free Zone Enterprise may be issued unless the capital thereof is fully paid.
- B. Free Zone Enterprise may have one or more shareholders.

- C. No Free Zone Enterprise may acquire its own shares. However, any Free Zone Enterprise may own all of the shares in any other Free Zone Enterprise or shares in any company or other Enterprise subject to compliance with all applicable laws.
- D. Every Free Zone Enterprise shall complete and issue a share certificate to the owner in respect of all shares held by it of such Free Zone Enterprise forthwith upon the share capital in respect of such shares being duly contributed in accordance with these Regulations.
- E. The secretary shall enter in the Free Zone Enterprise's share register details concerning the number, amount and owner of all shares issued by it. No shares shall be issued in bearer form.

9. SHARE TRANSFER

After any transfer of any share or shares in any Free Zone Enterprise, a duly executed instrument of transfer must be registered in the FZ Registry. Any share transfer shall be deemed effective as from the date of registration thereof in the FZE Register.

10. DIRECTORS AND SECRETARY

- A. Every Free Zone Enterprise shall keep at its Free Zone registered address a register of directors and secretary and the register shall contain details as to the identity and address of the directors and secretary of the Free Zone Enterprise, and of any changes thereto. Any such changes shall be notified to the FZ Registry within 14 days thereof and details promptly entered in the FZE Register in the prescribed form.
- B. Any Director and the secretary may be appointed and removed by the way of Licensee's subject to the provisions of Article 10(A) above.

11. DIRECTORS' MEETINGS

- A. The business of a Free Zone Enterprise shall be managed by the directors who may exercise all the powers of the Free Zone Enterprise. The directors may regulate their proceedings as they think fit. Any director may call a meeting of the directors and any question arising at a meeting of the directors shall be decided by majority of votes, each director having one vote. The directors may elect a chairperson and may vest in him a casting vote. Any director may appoint any other director as his alternate who shall be entitled to vote in accordance with the appointing director's instructions (if any) separately from his own vote.
- B. A resolution signed by a majority of all the directors shall be as valid and effectual as if passed at a valid meeting of the directors and may

consist of several documents in like form each signed by one or more directors.

- C. A director shall not be entitled to vote nor be counted as part of the quorum in relation to any resolution which concerns a matter in which he has any direct or indirect interest or duty which is material and which conflicts or may conflict with the interests of the Free Zone Enterprise unless his interest has been disclosed in writing to the other directors in sufficient detail to provide an accurate statement thereof and the other directors (or a majority of them) resolve that such director should be entitled to vote and/or be counted as part of the quorum.
- D. The secretary shall cause minutes to be kept in books kept for the purpose of each meeting of the directors and of all appointments of directors or secretary.

12. OBJECT OF FREE ZONE ENTERPRISES

The objects of each Free Zone Enterprise shall be to carry on all such business within the area of the Free Zone as the Authority may permit under the terms of the Licence issued in respect of the Free Zone Enterprise (as the same may be amended from time to time by the Authority) and elsewhere in accordance with all applicable laws and regulations, and all business and other matters ancillary, conducive or related thereto. Such matters will include power for each Free Zone Enterprise to borrow, grant security, guarantee any obligation of any person or indemnify any person, to enter into all types of banking and financial transactions, to issue, make endorse or draw any negotiable instruments (such as cheques, bills of exchange, promissory notes or bills of lading) in relation to its business and power for each Free Zone Enterprise to make, alter or dispose of any investments (whether or not within Nigeria) in relation to its business.

13. SEAL

A Free Zone Enterprise may have a Seal but is not required to have one. A Free Zone Enterprise, which has a Seal, shall have its name engraved in legible characters on the Seal.

14. CONTRACTS

- A. Any contract may be made by a Free Zone Enterprise by writing:
 - i. under its Seal together with the signature of any director of the Free Zone Enterprise, or;
 - ii. with the signature of any director and expressed in whatever form of words to be executed by the Free Zone Enterprise. Any contract

may be made by a Free Zone Enterprise by writing on its behalf by any person acting under the authority of the Free Zone Enterprise whether such authority is express or implied.

- B. Any contract, which purports to be made by or on behalf of a Free Zone Enterprise if made, accepted or endorsed in the name of, and by or on behalf of or on account of, the Free Zone Enterprise by a person acting under its authority is binding.
- C. A promissory note, cheque or other bill of exchange is deemed to have been made, accepted or endorsed on behalf of a Free Zone Enterprise if made, accepted or endorsed in the name of, and by or on behalf of or on account of, the Free Zone Enterprise by a person acting under its authority.

15. ACCOUNTS

- A. Every Free Zone Enterprise shall keep accounting records sufficient to show and explain the transactions of such Free Zone Enterprise and be such as to disclose with reasonable accuracy, at any time, the financial position of the Free Zone Enterprise at that time and enable the directors to ensure that any balance sheet and profit and loss account of the Free Zone Enterprise prepared under these Regulations complies with the requirements of these Regulations.
- B. The accounting records shall in particular contain a record of the assets and liabilities of the Free Zone Enterprise and entries from day to day of all sums of money received and expended by the Free Zone Enterprise and the matters in respect of which the receipt and expenditure takes place.
- C. The accounting records of each Free zone Enterprise shall be kept at its registered office in the Free Zone and shall at all times be open to inspection by the officers of the Free Zone Enterprise Registrar and by its Owner and representatives of the Owner.
- D. The first "financial year" of each Free Zone Enterprise shall commence on the date of its registration as disclosed in its Certificate of Formation. The Owner may determine the length of the financial year of its Free Zone Enterprise by Declaration (a copy of which shall be delivered to the FZ Registry within 7 days of being made and details thereof promptly entered in the FZE Register) provided that no first financial year may exceed 18 months or be for less than 6 months. Subject to the provisions of Article 15(E) below, successive financial years shall be of 12 months duration beginning immediately after the end of the previous financial year.
- E. The Owner of a Free Zone Enterprise may alter the financial year of its Free Zone Enterprise by Declaration (a copy of which shall be delivered to the FZ Registry and details thereof promptly entered in the FZE Register) save that in no case may the financial year of a Free Zone Enterprise exceed 15 months or be shorter than 6 months.

- F. The directors of every Free Zone Enterprise shall prepare for each financial year of the Free Zone Enterprise a balance sheet as at the last day of its financial year and a profit and loss account.
- G. The balance sheet shall give a true and fair view of the state of affairs of the Free Zone Enterprise as at the end of the financial year and the profit and loss account shall give a true and fair view of the profit and loss of the Free Zone Enterprise for the financial year.
- H. The Authority reserves the right to require that the balance sheet and profit and loss account of each Free Zone Enterprise comply with provisions to be set down by it from time to time.
- I. Where any Free Zone Enterprise owns any other Free Zone Enterprise or owns more than half the shares in or otherwise controls any other company or Enterprise the first mentioned Free Zone Enterprise should also prepare group accounts on a consolidated basis. Where any Free Zone Enterprise neither owns less than half the shares in a company or other Enterprise (not being a Free Zone Enterprise) nor controls such company or Enterprise but nevertheless is in a position to exercise a significant influence over such company or other Enterprise, then such company or other Enterprise shall be treated as an associated company for accounting purposes.
- J. The annual accounts of each Free Zone Enterprise shall be approved by its directors and signed by or on behalf of the directors. At least one director shall sign the balance sheet and profit and loss account of the Free Zone Enterprise.
- K. A copy of the annual accounts of each Free Zone Enterprise shall be delivered to the FZ Registry within 3 months of the end of the financial year of the Free Zone Enterprise or such longer period as the Authority may determine.
- L. Each Free Zone Enterprise shall be required to appoint auditors from among those approved by the Authority to make a report to the Owner of the Free Zone Enterprise on all annual accounts of the Free Zone Enterprise and state whether, in the auditor's opinion, such annual accounts have been properly prepared in accordance with these Regulations and whether a true and fair view is given:
 - i. in the case of the balance sheet of the Free Zone Enterprise of the state of affairs of the Free Zone Enterprise at the end of its financial year,
 - ii. in the case of the profit and loss account of the Free Zone Enterprise, of the profit and loss of the Free Zone Enterprise for the financial year and
 - iii. in the case of annual accounts of the Free Zone Enterprise prepared on a consolidated basis, of the state of affairs as at the end of the financial year and the profit or loss for the financial year of the undertakings included in the consolidation.

- M. The Free Zone Enterprise shall deliver a copy of the auditor's report (duly signed by the auditors) to the FZ Registry, together with the annual accounts pursuant to paragraph 15 (I) above.
- N. Where the total net assets of a Free Zone Enterprise fall below 75% of its share capital the director(s) shall, not later than 15 days from the earliest day on which that fact is known to a director, duly notify the FZ Registry and the Owner which shall, within 7 days of such notification to it, take such steps as may be appropriate to remedy the situation so as to ensure that the net assets of such Free Zone Enterprise are restored to at least 75% of its share capital as soon as reasonably practicable.

16. DISTRIBUTIONS

A Free Zone Enterprise shall not make a distribution, whether in cash or otherwise, to its Owner except out of profits available for that purpose or where the share capital of the Free Zone Enterprise is reduced in accordance with the provisions of these Regulations or where the Free Zone Enterprise is deregistered and its assets distributed to its Owner. The profits of a Free Zone Enterprise available for distribution are its accumulated, realised profits less its accumulated, realised losses and after full provision must have been made for all doubtful debts. No distribution shall be made other than pursuant to an Owner's Declaration a copy of which shall be delivered to the FZ Registry within 7 days of being made and details of which shall promptly be entered in the FZE Register.

17. OWNERSHIP

Every Free Zone Enterprise shall keep a register in which details shall be entered as regards the Owner of the Free Zone Enterprise and as regards the ultimate ownership of the Free Zone Enterprise and details thereof (and of any changes therein) shall be notified to the FZE Registry within 7 days after it is made and promptly entered in the FZE Register.

18. OWNER'S DECLARATIONS

A copy of every Owner's Declaration shall be provided to the FZ Registry within 14 days after it is made and details thereof shall promptly be entered in the FZ Register.

19. SECURITY INTERESTS

- A. The Owner may pledge or otherwise charge all (but not only some) of its shares in its Free Zone Enterprise to any creditor in security for any debt or other obligation incurred or to be incurred by or binding upon the Free Zone Enterprise will be void if details thereof in the prescribed form are not delivered to the FZ Registry within 7 days of the date of such pledge or

other charge. Details of any such pledge or other charge shall be entered promptly in the FZE Register.

- B. Every Owner of a Free Zone Enterprise shall cause its Free Zone Enterprise to keep at its registered office a register of charges and to enter in it details of any pledge or other charge of the Owner's shares in the Free Zone Enterprise.
- C. A Free Zone Enterprise may grant any security interest permitted under the laws of Nigeria from time to time to any creditor in security for any debt or other obligation incurred or to be incurred by or binding upon the Free Zone Enterprise or any other person. Any such security interest will be void if details in the prescribed form are not delivered to the FZ Registry within 7 days of the date of such security interest. Details of any such security interest shall be entered promptly in the FZE Register.
- D. Upon any pledge, charge or other security interest as specified in paragraphs 19(A) and 19(C) above being discharged or upon any alteration in the name of the creditor or creditors in whose favour such pledge, charge or other security interest operates, details thereof shall be notified to the FZ Registry within 7 days and entered promptly in the FZE Register.

20. POWER TO INVESTIGATE

- A. The Authority/Zone Management may appoint one or more competent persons as inspectors to investigate the affairs of any Free Zone Enterprise and report to the Authority in such form and within such time as it may direct. Such appointment may be made on the application of the Owner, or of the Free Zone Enterprise or by any creditor of the Owner or of the Free Zone Enterprise or by the Authority acting unilaterally or by any other person provided the Authority is satisfied that good reason has been shown or circumstances arisen for requiring the investigation.
- B. Any inspector appointed by the Authority/Zone Management pursuant to Article 20(A) above shall have such powers of investigation as the Authority/Zone Management may vest in him.
- C. If the Free Zone Registrar has reasonable cause to believe that any Free Zone Enterprise is not carrying on business or is not in operation, it may deregister the Free Zone Enterprise after enquiry in writing of the Free Zone Enterprise to ascertain if it is carrying on business or in operation and such Free Zone Enterprise either failing to respond to such enquiry within 7 days thereof or failing to demonstrate to the satisfaction of the Authority that it is carrying on business or in operation.
- D. When a Free Zone Enterprise is deregistered all property and rights vested in it and not owned by the Authority or any other person are deemed held by its Owner, save where such deregistration is as a consequence of any breach of these Regulations or of an FZ Circular or the terms of the Licence relating to the Free Zone Enterprise when, and in any such case, all such

property and rights shall be and become forfeited to and vested in the Authority without compensation of any kind.

21. DEREGISTRATION

- A. A Free Zone Enterprise shall be deregistered from the FZ Register upon and in accordance with any order therefore being issued by any Court in Nigeria.
- B. Upon deregistration of a Free Zone Enterprise all trading and other business operations of such Free Zone Enterprise must cease and the Owner must ensure that the Free Zone Enterprise's affairs are wound up under the supervision of an accountant licensed to conduct business as such in Nigeria as liquidator/receiver so as to:
 - i. ensure that such winding up is conducted in a timely and organised way, taking account of all assets of the Free Zone Enterprise and the claims of all creditors and employees thereof and ensuring the payment, or provision for payment of, or to discharge, all claims, debts, liabilities and obligations of the Free Zone Enterprise subject to the limitation of liability of the owner specified in paragraph 7 above;
 - ii. distribute any surplus assets of the Free Zone Enterprise to the Owner;
 - iii. cause to be prepared by the liquidator a statement of account in respect of his actions and transactions; and
 - iv. ensure that a copy of such report is delivered to the FZE Registrar within 7 days of such report being made. Details of such report shall be promptly entered in the FZE Register.

22. REVOCATION OF LICENCES

- A. The Licence of a user may be revoked if the existence of any of the following circumstances are confirmed by an investigation and assessment conducted under Article 20 above:
 - i. When it is confirmed through a written report that there has been an act contrary to the provisions of Laws and regulations or of the circulars, written instructions and directives of the Free Zone Authority and that the action is to the detriment of order in the Free Zone.
 - ii. When it is established that tax evasion has taken place with revenues and earnings accruing from activities conducted outside the Zone being declared as income earned in the Zone and/or through the presentation of counterfeit or misleading documents for this purpose.

- iii. When it is confirmed by investigations and deliberations, that the conditions and qualifications declared in the Application Form or Operation Licence are not fulfilled or have later been lost or have proven false, or when it is established that changes in the information declared in the Application Form for Operation Licence have not been reported.
 - iv. Except where the existence of a state of force majeure is verified by the relevant authority, when it is established through a written report that construction work has not started within 60 days of the date of approval of construction projects by the Free Zone Authority or in the case of leased premises that the operation has not been launched within 6 months.
 - v. When the Free Zone Authority has twice been denied information or has not received a response within the specified period, or has been supplied with misleading or false information regarding activities in the Free Zone, which it has requested in writing.
 - vi. When it is established through a written report of the Free Zone Authority that the user or his responsible and authorised representative or employees have caused damage to facilities, machinery and equipment in the Zone or to third parties and that this has been repeated despite the issue of a written warning.
- B. The Licensing Fee is forfeited to the Free Zone Authority and will not be reimbursed in cases of revocation of Licences.
- C. Any Enterprise attempting to continue its activities in the Zone despite the fact that its Operation Licence has expired or has been annulled for the above reasons, shall be expelled from the Zone by the Police or Customs Officers upon the request of the Zone Authority. The possessions of such Enterprises in the Zone will be subject to liquidation in accordance with Article 18.1 above of these Regulations.

23. REGISTER OF FREE ZONE VEHICLES

- A. The FZ Registry shall compile and maintain a register of the Authority's and Licensee's vehicles.
- B. The Authority shall apply to and receive from the Federal Road Safety Commission appropriate number plates for vehicles to be registered.

PART 6

TAXATION PROCEDURES & REGULATIONS

Taxation Procedures and Regulations

1. FEDERAL INLAND REVENUE SERVICE

The Authority shall in consultation with the Federal Inland Revenue Service publish agreed guidelines as to the tax implication of transaction between Free Zones and Free Zone Enterprises with entities within the customs territory. For the time being the following shall apply:

2. EXEMPTION FROM TAXES

Under Section 8 of the Act, approved enterprises operating within Free Zones shall be exempt from all Federal, State and Local Government taxes, levies and rate.

Section 18 (1) further provides that all legislative provisions pertaining to taxes shall not apply within Free Zones.

3. TAX IMPLICATION OF SPECIFIED TRANSACTIONS

S/N.	SUBJECT MATTER	TAX IMPLICATION	BASIS OF THE POSITION
1.	Purchases made by Approved Enterprises from Companies operating in the Customs Territory.	No VAT No WHT	This is in line with Sections 11 (2) and 12(9) of Nigeria Export Processing Zones Act which made rules for export from Nigeria applicable.
2.	Sales made by Approved Enterprises to Companies operating in the Customs Territory.	VAT payable by Purchaser No WHT	This is in line with Sections 11 (1) & 12 (7) of the NEPZ Act which made rules for import into Nigeria applicable.
3.	Purchases or Sales made from Customs Territory by Unapproved Enterprises operating within the Zones.	WAT and Withholding Tax applicable	Sections 8 and 18 (1) of NEPZ Act, which granted tax exemption, did not cover Unapproved Enterprises operating within the Zones.

4.	Imported goods conveyed through other Ports outside the Zones but consigned to the Zones.	No VAT No WHT Provided the goods are escorted from the Port of Entry to the Free Zone by the Nigeria Customs Service.	This is in line with Sections 12 (1) and 18 of the NEPZ Act.
5.	Submission of Tax Returns to FIRS by Approved Enterprises	Approved Enterprises to submit Tax Returns through the Free Zone Authority to FIRS.	This is in line with Section 40A of Companies Income Tax Act, 1979.
6.	Business activities of Head Offices or Branch Offices of Approved Enterprises located in Customs Territory dealing with Approved Enterprises.	All relevant tax laws applicable except as related to purchases and sales covered above.	This is in line with Section 8 of the Companies Income Tax Act, and other relevant tax laws.
7.	Approved Enterprises having contract of supplies or design with companies in the customs area.	VAT and WHT applicable	This is in line with Sections 51A of the PPTA and Sections 63 of the CITA. Sections 8 of CITA dealing with derivation of Income is also relevant.

PART 7

BANKING PROCEDURES & REGULATIONS

Banking Procedures and Regulations

1. INTRODUCTION:

- A Banks in Nigeria are licensed under the Banks and other Financial Institutions Act (BOFIA), 1991, by the Central Bank of Nigeria (the bank), whilst specialized banks are a creation of statutes or Act of Parliament. Such banks carry on banking business in accordance with the provisions of BOFIA 1991 and other relevant legislations as complemented by the directives and guidelines, which are issued for time to time by the bank.
- B Similarly, banks in Nigeria's Free Trade Zones are granted approval under the Nigeria Free Trade Zones Act by the Authority. The objectives of these guidelines are therefore to:
- i. complement and enhance the provisions of the FTZ Act;
 - ii. Provide details of regulatory and supervisory requirements necessary to promote efficient and profitable banking services in Nigeria's FTZs;
 - iii. spell out details of permissible and prohibited activities of banks in Nigeria's FTZs;
 - iv. provide details of incentives available to banks in Nigeria's FTZs; and
 - v. facilitate the attainment of the goals for which Free Trade Zones are (FTZs) established in Nigeria,

2. BANKS IN NIGERIA'S FREE TRADE ZONE (FTZs)

A. Types and Ownership

There shall be two types of banks in Nigeria's FTZs and these shall be:

- i. A bank established by a bank licensed under BOFIA, 1991 or other relevant legislations, such a bank shall maintain records and books of account of its operations independent of its parent bank, and
- ii. A licensed foreign bank. Banks licensed to operate in Nigerian FTZs may be owned wholly by Nigerians or jointly by Nigerian and foreigners, or wholly by foreigners.

B. Licensing Requirements

- i. Only a bank licensed under BOFIA 1991, or other relevant legislations or a license foreign bank shall qualify to apply to the authority for approval to establish a bank to carry on banking business in Nigeria's Free Trade Zones.

- ii. An application for an operating permit shall be submitted through the Authority to the Bank with the following:
 - two copies each of its Memorandum of Association and Articles of Association;
 - copies of its banking license issued by the Bank under BOFIA, 1991 or other legislations or its banking license issued by the appropriate Authority in the country where the bank was incorporated;
 - A copy of the bank's resolution at a meeting of its directors approving the proposed application for a license to carry on banking business in Nigeria's FTZs;
 - Any amendment to the Memorandum and Articles of the association of the company shall be communicated to the Bank within four weeks.
- iii. Any amendment to the Memorandum and Articles of the association of the company shall be communicated to the Bank within four weeks.

C. Capital Requirements

- i. The Minimum Issued and Paid Up Capital for banks licensed under BOFIA 1991 or other legislation and foreign banks in Nigeria's FTZs shall be US\$10 million or such other amount as the Bank may from time to time prescribe.
- ii. In addition, a bank in the FTZ shall be required to meet the established international capital adequacy ratio (8%) and liquidity requirements as maybe specified by the Bank, from time to time.
- iii. Licensed banks in Nigeria's FTZs will be required to appoint fit and proper persons in key management positions as prescribed by Central Bank of Nigeria (CBN). (See circular on management requirements).

3. DISCLOSURE REQUIREMENTS:

- A. A bank in FTZ shall be required to disclose to the Bank the equity interests of its directors or key officers in any enterprise within the zones (BOFIA 18.3).
- B. Failure to disclose such interest may result in the removal of the directors or officers.
- C. In addition it shall be the duty of a director of a bank who is in anyway, whether directly or indirectly interested in the grant of an advance loan or credit facility with the bank to declare the nature of his interest as a meeting of the Board of directors of the bank.

4. SOURCES AND USES OF FUNDS

A. Sources:

- i. Deposits of non-bank customers, eg.
 - Multinational Corporations;
 - International Corporation;
 - Non-resident Individuals;
 - Approved Enterprises in the FTZs;
 - Regional Financial Agencies or Institutions;
 - Euro-Money Markets; etc.
- ii. Inter-bank borrowing within banks in FTZs or with foreign banks;
- iii. Export Proceeds;
- iv. Equity Capital; etc.

B. Uses:

- i. Foreign Exchange loans and advances to non-residents and residents;
- ii. Investments in International Securities Markets;
- iii. Operational Expenses;
- iv. Payment of Dividends;
- v. Interest on Deposits;
- vi. Payments for Imports; etc.

5. RENDITION OF RETURNS

- i. Remittances for Imports Monthly
- ii. Naira Transactions (External Accounts) Monthly
- iii. Statements of Assets and Liabilities Monthly
- iv. Other Foreign Exchange Payments Quarterly
- v. Total Credits (Loans and Advances) Quarterly
- vi. Foreign Exchange Investments Quarterly

- vii. Audited Annual Financial Statements.
(To be submitted not later than three months after the end of the financial year)
- viii. Any other returns that may be required.
(To be specified by the Bank.)

Note:

Except in the case of 5 (vii) above, all returns must reach Bank not later than the 10th day after the month in which they are due.

6. EXAMINATION OF BANKS

- i) The Bank may, from time to time, examine, through its officers or persons appointed by it under conditions of confidentiality, the books or other documents, accounts and transactions of any bank branch carrying on banking business in Nigeria's Free Trade Zones. The banks are required to provide information as per s.30 of BOFIA.
- ii) The officers so appointed by the Bank may, in the course of their examination, seek for the directors, managers and officers of any bank in the FTZ, such information and explanation as they deem necessary to carry out the examination of the bank;
- iii) The bank may, when deemed necessary, order a special examination or investigation of the books and affairs of a bank in the FTZs.

7. AUDITING OF ACCOUNTS

- i) A bank in an FTZ shall have its books audited by an auditor approved by the Bank.
- ii) The auditor so appointed shall prepare a report on the annual balance sheet and the Profit and Loss Account of the bank and such other information as may be prescribed by the Bank. The report shall be submitted to the Bank not later than 3 months after the end of the bank's financial year;
- iii) The auditor shall submit to the Bank such clarifications in relation to his audit as the Bank may demand;
- iv) The Bank may order the removal of an auditor for professional misconduct e.g. compromising independence with regards to the bank. In addition, a bank in the FTZ shall have an internal audit or inspection unit, which should ensure that the operation of the bank comply with statutory provisions as well as with its internal control regulations.

8. MULTI-ZONE OPERATIONS

A bank that operates in more than one zone shall be required to obtain a separate license for each zone.

9. INCENTIVES

A bank operating in Nigeria's FTZs enjoys the following incentives:

- i) Freedom to move funds in and out of the zone;
- ii) Exemption of all its documents from stamp duties;
- iii) Exemption from withholding tax requirements on interest payable on deposit, dividends, and royalties;
- iv) Exemption from corporate tax;
- v) Exemption for estate duty, inheritance, or capital gains tax on the inheritance, or capital gains tax on the inheritance of its shares or property;
- vi) Interest rates on loans and deposits are free from domestic monetary controls;
- vii) Exemption from payment of duties on imports of furniture, office equipment and other facilities necessary for its operations;

10. EXTERNAL ACCOUNTS

- i) An approved enterprise (including a licensed bank) or a non-resident in Nigeria's FTZs is allowed to open "External Accounts" with licensed commercial banks in the customs territory of Nigeria **solely** for the purpose of defraying its statutory, operational, administrative and salary expenses;
- ii) External Account and the cheques issued for its operation shall be clearly marked "External Account" with the country of permanent resident of the account holder, eg "**External Account-Ghana**" or "**External Account-Japan**";
- iii) The External Account shall be funded from the sale of foreign currencies for Naira; it shall not be funded with Naira from any other source in Nigeria without the prior approval of the Bank;
- iv) Payments (credits) by residents into an "**External Account**" shall not be allowed except with the prior written approval of the Bank. However, transfers from other External Accounts maintained by the same account holder are allowed.

- v) No person (non-resident) in Nigeria's FTZ shall be allowed to maintain both an External Account and a "**Residents Accounts**" in any licensed bank in the custom territory;
- vi) The Bank may from time to time issue guidelines for the operation of External Accounts by Non-residents.

11. PERMISSIBLE ACTIVITIES

A licensed bank in Nigeria FTZ is permitted to:

- i) accept foreign currency deposits;
- ii) grant to any person any advance, loans or credit facility, or give any financial guarantee, or incur any other liability on behalf of any person so that the total value of the advance, loan, credit facility, financial guarantee to any resident is not more than 35% of shareholders' fund unimpaired by losses;
- iii) grant foreign currency loans exceeding **10%** of its paid-up capital to any resident without the bank's prior approval;
- iv) make remittances of funds abroad or to Nigeria on behalf of any non-resident; and
- v) undertake any other foreign exchange transaction as the bank may from time to time prescribe.

12. PROHIBITED ACTIVITIES

- i) accepting foreign currency deposits from residents;
- ii) accepting **naira** deposits account from any **residents** or **non-residents**;
- iii) granting **naira** loans to or raising any Naira loans on behalf of **residents** or **non-residents**;
- iv) opening any Naira account with any resident bank, except **External Account**;
- v) borrowing in **naira** form any resident, including Authorised dealer banks, except with approval of the bank;
- vi) Sourcing foreign exchange in the foreign exchange market of the customs territory;
- vii) Opening an account for a customer whose identity is unknown to it; therefore, account opening procedures should comply with the KYC principle.
- viii) Undertaking any other transactions which are inimical to national interest or which the bank may specify.

13. CONTRAVENTIONS AND PENALTIES

The Bank may from time to time specify penalties for contravention of its guidelines and directives.

14. RESOLUTION OF DISPUTES

Disputes between banks and their customers arising from the operations of the banks may be referred to the Authority for resolution in consultation with the Bank. Decision in any dispute does not preclude a dissatisfied party from seeking justice in the law courts.

15. SURRENDER AND REVOCATION OF LICENSE

- A. A bank operating in Nigeria's FTZ may voluntarily surrender its license, and such bank intending to surrender its license, shall seek the prior approval of the Bank through the Authority;
- B. The grounds for revoking a license granted to a bank in Nigeria's FTZ may be any or all of the following:
 - a) submission of false information /data during and or after the application for license;
 - b) engaging in functions; activities outside the scope of its license;
 - c) persistent failure to comply with request for information or data in the manner specified by the Bank;
 - d) failure to comply with the provisions of these guidelines, the NEPZA (Banking Business) Regulations or any other directive as any be issued by Bank for time to time; and
 - e) if the operating license or authorisation of its parent bank has been withdrawn by the regulatory authority of the country in which it has its principal place or business.

16. DEFINITION OF TERMS

- A. **Resident** means:
 - i) a citizen of Nigeria
 - ii) a person granted permission to reside permanently in Nigeria; or
 - iii) a business enterprises or institution registered or incorporated and operating in the customs territory of Nigeria;

B. **Non-Resident** means:

- i) any person who is resident outside the customs territory of Nigeria (eg. Expatriate Staff in the FTZs); or
- ii) any business enterprise or institution registered or incorporated and enterprise from outside the customs territory of Nigeria, e.g. Approved Enterprises and licensed banks in Nigeria's FTZs.

C. **External Account** means:

An account opened for non-residents by banks licensed under BOFIA, 1991, or other legislations to operate in the customs territory of Nigeria. An external account is allowed solely for defraying statutory, operational, administrative and salary expenses of non-residents, it is funded only from the sale of foreign currencies of Naira, and cannot be funded with Naira from any other source without the Bank's approval.

D. **Resident Account** means:

Any account opened for a resident or a temporary visitor to Nigeria by Banks licensed under BOFIA to operate in the customs territory of Nigeria.

E. **Free Trade Zones** means:

export processing zones created under the Nigeria Free Trade Zones Act No. 63 of 1992.

F. **Customs Territory** means:

areas in Nigeria where there is no exemption for payment of customs duties on imports, company income tax etc.

G. **Authorised Banks** means:

banks licensed under BOFIA, 1991 and authorized to deal in foreign exchange in the customs territory of Nigeria.

PART 8

REGULATION ON
EMPLOYMENT OF HUMAN RESOURCES, INSURANCE
AND SOCIAL SECURITY

Regulation on Employment of Human Resources, Insurance and Social Security

1. PREAMBLE

In these Regulations the following words are used in the place of the corresponding full terms set forth below:

- A. **Regulations:** The Regulations on the employment of human resources, insurance and social security as contained in Nigeria Export Processing Zones Decree 63 of 1992 of Labour Act. Nigeria Social Insurance Trust Fund Act and Workmen Compensation Act of the Laws of the Federation of Nigeria 1990.
- B. **Employee:** Person who works in any capacity under the instructions of an Employer for Wages or a Salary.
- C. **Wages:** Remuneration or earnings capable of being expressed in terms of money and fixed by virtue of a contract by an employer.
- D. **Salary:** Whenever wages are set and paid on a monthly basis, they shall be known as salary.
- E. **Work Period:** A period during which an employee places his energy or time at the disposal of an Employer.

2. APPLICATION

All employees, Employers and Workplaces in the Free Zones are subject to the provisions these Regulations.

3. RESPONSIBILITIES OF THE AUTHORITY/ZONE MANAGERMENTS

- A. The Authority/Zone Management shall be responsible for supervision and implementation of these Regulations, enforcement of the rights of Employees and performance of undertakings in connection with employment contracts. The Authority/Management may obtain such guarantees as may be necessary for the performance of employer's undertakings vis-à-vis their Employees.
- B. The Authority/Zone Management shall be responsible for the resolution of trade disputes between employers and employees in the Zone in consultation with the Federal Ministry of Labour and Productivity.

4. EMPLOYEE WELFARE

The Authority/Zone Management shall with the co-operation and participation of Employers and Employees, provide welfare benefits required by Zone Employees such as housing, sports facilities, health and medical services.

5. LABOUR AND EMPLOYMENT SERVICES OFFICE

The Ministry of Labour and Productivity shall in collaboration with the Authority/Zone Management, establish a labour and Employment Service Office in each Zone. The said office shall regulate the labour market and supervise matters relating to terms and conditions of employment, safety, health and welfare of workers in the zone.

6. WORK PERIOD

- A. Whenever the work period is undetermined, the date of expiration of the contract shall be determined as a function of the nature and type of the work, the date of completion of the work or the project, or termination of the activities of the workplace.
- B. With regard to contracts for temporary period or specific work, neither party may unilaterally terminate the contract except in cases where the employment contract provide otherwise. In the event of unilateral termination of contract by either party, the other party may claim damages through the boards of settlement of disputes.
- C. The continuous nature of work shall not render permanent employment contract for a determined period of time.

7. EMPLOYMENT CONTRACTS

- A. Employment contracts must contain the following provisions:
 - i. the name of the employer or group of employers and where appropriate of the undertaking by which the worker is employed;
 - ii. the name and address of the worker and the place and date of his engagement;
 - iii. the nature of the employment contracts;
 - iv. works hours, holidays and leave of absence;
 - v. the date of execution of the employment contracts;
 - vi. the duration of the contract if the duration is temporary;
 - vii. if the contract is for affixed term, the date when the contract expires;

- viii. the rates of wages and method of calculation thereof and the manner and periodicity of payment of wages;
 - ix. the welfare benefits and houses given to the employee;
 - x. the appropriate period of notice to be given by the party wishing to terminate the contract, in the light of the conditions and circumstances of the contract.
- B. Employment contract shall be prepared in appropriate number of copies, one of which shall be kept by the Employee, another by the Employer.

8. PROVISIONAL EMPLOYMENT CONTRACTS/APPRENTICESHIP

- A. The Employer may fix a period of time, called the apprenticeship period, during the course of which either party may, without prior notice or notice or payment of an indemnity, terminate the work relationship. The relationship period shall be mutually agreed by the parties and stipulated in the contract. Wages and Employees' work benefits for work ending during the course or at the end of the apprenticeship period shall be paid for the period during which work was performed.
- B. Apprenticeship contracts may only once be entered into between an Employee and an Employer for a specific job.

9. TERMINATION OF CONTRACT OF EMPLOYMENT

- A. Employment contracts may be terminated for one of the causes set forth below:
- a. by the expiration of the period for which it was made;
 - a. by the death of the worker before the expiration of the contract;
 - b. by total disability of the Employee;
 - c. by the retirement of the Employee;
 - d. by the completion of the contract for specific work;
 - e. by the termination of the employment contract by the Employer and the Employee in instances stipulated in the employment contract in compliance with these regulations;
 - f. by the resignation of the Employee;
- B. Whenever the termination of an employee is grounded on non-compliance with disciplinary work regulations, the employee may complain to the Authority. The Authority in consultation with the Federal Ministry of Labour

and Productivity shall make the necessary decision based on these Regulations and the disciplinary regulations applicable in the workplace.

10. MODIFICATION IN EMPLOYMENT CONDITIONS

Creating employment conditions is contingent upon its having been contemplated in the employment contract and in relation to the conditions and circumstances of the workplace. Whenever an employer, without due consideration to the employment contract and without the consent of the employee, modifies the employment conditions of an employee resulting in a reduction in the amount of Employee wages and/or impairment of his dignity, the employee may lodge a complaint with the Authority an claim damages.

11. PROHIBITION OF EMPLOYMENT OF UNDER-AGED PERSONS

Employment of persons less than 16 years if prohibited.

12. WORKING HOURS

- A. An Employee's daily working hours shall be those fixed by mutual agreement and the employment contract I the zone. However, they shall not exceed 8 hours per working day.
- B. Day shift work is work, which is performed form 0600 to 2200 hours, and night-shift work is work performed between 2200 to 0600 hours. Mixed shift work is work performed partially at night and partial during the day.
- C. Alternate work is work that by nature is not performed continuously, but either during specific hours of the day and/or night.
- D. Shift work is work that rotates during the course of a month in such manner that it is performed in the morning or afternoon or at night.
- E. Whenever shift work and/or night shift work is performed pursuant to contract, benefits paid for these types of work shall be fixed in accordance with the employment contract, the mutual agreement of the Employee and the Employer, and the conditions and circumstances of the workplace.

13. HOLIDAYS

- A. The taking of the weekly holiday, annual paid leave and official holiday shall be subject to both parties agreement and whenever with the agreement of the employee, leaves are postponed to another date and/or are not taken, benefits due shall be as previously agreed by the parties.

- B. In addition to the country's official holidays, Labour Day (May 1st) shall also be deemed part of Employees' official holidays.
- C. In the event of termination of employment contracts as stipulated in Article 15 of these Regulations, amounts due on account of the Employee's paid leaves shall be paid to him/her and in the event of his/her demise, to his/her next-of-kin.
- D. Every employee shall be entitled after twelve months continuous service to a holiday with full pay of:
 - i. at least six working days; or
 - ii. in the case of persons under the age of sixteen years (including apprentices) at least twelve working days.
 - iii. In cases where work is performed for less than twelve months, but not less than six months in the continuous employment of an employer; the Employee shall be paid with respect to that period of employment an amount bearing the same proportion to full pay for one week at his/her normal rate.

14. OVERTIME PAY

Any overtime work performed by an employee in excess of 8 hours per day must be paid the benefits contemplated in the employment contract.

15. MINIMUM WAGE

The minimum wages in the Zones shall not be less than the minimum legal wages of the country.

16. PROHIBITION OF GENDER DISCRIMINATION IN AMOUNT OF WAGES

Equal wages must be paid to men and women for the same work performed under the same conditions in any workplace. Discrimination in the amount of wages by reason of age, sex, race, ethnic group or political or religious beliefs is prohibited.

17. RESOLUTION OF DISPUTES

A. Board of Settlement of Disputes:

All disputes between an Employee and an Employer arising from the workplace and the contract of employment shall first be settled amicably by the agreed grievance procedure. Whenever disputes are not settled

amicably, the matter maybe referred by either party within 10 days to the Board of Settlement of Disputes.

B. Composition:

The Board shall be composed of:

- i. The Employer is question, or his/her fully authorized representative;
 - ii. The employee in question, or his/her fully authorized representative;
 - iii. A representative of the Authority/Zone Management 89who shall be the chairman;
 - iv. The Head of the Labour and Employment Services Office or his representative in the Zone.
- C. In the absence of objections thereto, the decisions of the Board of Settlement of Dispute are enforceable 10 days after date of service to the parties.
- D. Whenever the termination to an Employee is not deemed justified by the Board of Settlement of Disputes, the Employer shall have the option of either reinstating the Employee and paying him his/her salary for the period of termination or pay him/her, by way of compensation 45 days salary for each year of service.
- E. Whenever the termination of an Employee is deemed justified by the Board of Settlement of Disputes his/her termination shall be confirmed and the Employer shall be obliged to pay 15 days salary to the Employee for each of service.
- F. Every Employer is a Zone shall prepare labour disciplinary regulations for his own workplace and implement them after receiving confirmation thereof from the Board of Settlement of Disputes and the Authority/Zone Management.
- G. In all cases, where a dispute is not settled by the Board, either party (or its representative) is obliged to report the dispute to the Head of Labour and Employment Services Office of the zone which shall invoke the provisions of the Trade Disputes Act. Cap 432 of 1990 with a view to settling the dispute.

18. NATIONALITY OF EMPLOYEES

All Employment of labour in a zone shall to maximum extent possible, secure their labour force requirement from any part of the world.

19. WORK PERMIT FOR FOREIGN NATIONALS

- A. Work permit for foreign national shall be issued upon the request of the Authority to the relevant Government Agency.

- B. Whenever a foreign contract of employment comes to an end, either the Employer, or the foreign national whose contract has reached its term must inform the Authority and other agencies concerned with employment of foreign nationals of the termination of the employment contract.

20. RENDITION OF RETURNS

Each Employer located in a zone, must prepare and communicate to the Zones' Labour and Employment Services Office once a year, a list containing the name, nationality, specialization, job and wages of their Employees.

21. EMPLOYMENT BENEFITS

- A. Each Employer, shall either alone or jointly with the Nigeria Social Insurance Trust Fund (NSITF) and/or insurance companies establish one or more "Funds" for the purpose of providing medical services, wage indemnities for periods of sickness, partial and total disability, retirement, death and other similar cases for Employees.
- B. The accrued entitlement of Employees employed in establishment located in the Free zone, who in the past, were subject to the Workmen Compensation Act and/or the Nigeria Social Insurance Trust Fund (NSITF) Act, and who have paid social insurance premiums to the NSITF and/or insurance companies, or any other fund subject to the provisions of these Regulations, shall be maintained and may be transferred in the event of future employment.
- C. Rules and directives concerning the records of this type of persons and computation thereof shall be jointly prepared by the employee and the Social Insurance Organisation concerned.
- D. Foreign nationals working in the Free Zone may, in the same manner as Nigeria Employees, enjoy the benefits of the fund.
- E. Foreign nationals authorized to work in the Free Zones shall be subject to the conditions of the "insurers" with respect to medical services. In any event, insurance of foreign nationals may be undertaken with due consideration to reciprocal conventions.
- F. Rules and directives concerning the determination of annual insurance premiums for foreign nationals, the manner of establishing a fund or funds and regulations governing them, and the relations between Funds and the NSITF and or other insurance companies concerned. The manner of transferring foreign Employees' insurance records to the country, and other related issues shall be prepared by the employer and the Nigeria Social Insurance Trust Fund (NSITF) and approved by the Authority.

PART 9

IMMIGRATION PROCEDURE AND REGULATIONS

Immigration Procedures and Regulations

1. PREAMBLE:

Under Article 20 of the Act, approved enterprises employing non-Nigerian citizens shall apply directly to the Authority for the purpose of immigration and employment permits, in such a manner as may be prescribed by the Authority

The Authority shall work in consultation with the Nigerian Immigration Service to publish agreed guidelines, procedures and regulations.

All foreigners seeking entry into Nigeria, except they are ECOWAS nationals, need entry visas prior to entry. Visas shall be obtained from at Nigeria's Missions abroad.

2. TYPES OF ORDINARY VISAS

- A. Business Visa
- B. Tourist Visa
- C. Visitors Visa
- D. Transit Visa
- E. Temporary Work Permit (TWP)
- F. Residence Visa

3. BUSINESS/TOURIST/VISITORS VISA

A. All foreigners, coming on visit to Nigeria shall possess either of the above mentioned visas, as appropriate, at the Nigeria Mission in his country or normal place of abode, and where there is none, Nigeria Mission closest to normal place of abode.

B. Requirements for Short Visit Visa:

- i) Letter of invitation from sponsor in Nigeria stating purpose of visit and accepting immigration responsibilities;
- ii) completed forms Imm.22 with passport photographs affixed;
- iii) a return ticket
- iv) evidence of financial sustainability;

- v) valid travel document;
- vi) approved visa fee where applicable.

4. TEMPORARY WORK PERMIT (TWP) VISA

A. Temporary Work Permit Visa is issued to foreigners coming to Nigeria to perform specialized duties for a short duration; such as installation/repairs of machinery, feasibility studies, auditing of accounts, training, commissioning of projects, erection of drilling equipment, control of natural disaster oil spillage, attending board meetings by non-resident company executives, etc. This is the only category of visa which approval is granted by the Comptroller-General of Immigration in Nigeria, which is then transmitted to Nigeria's missions abroad for issuance.

B. **Requirements for TWP Visa:**

- i) formal application to the Comptroller-General of Immigration stating passport particulars of the expatriate, purpose of visit and confirmation of acceptance of immigration responsibilities by sponsor;
- ii) evidence of company registration;
- iii) evidence of purchase of equipment, contract award etc;
- iv) cable approval from the Comptroller-General of Immigration;
- v) valid travel document;
- vi) return ticket;
- vii) Completed forms Imm.22 with passport photographs affixed;
- viii) Approved visa fee where applicable

Note: A visa may not be required where there exist a bilateral or multilateral visa abolition agreement with Nigeria for visits not exceeding 90 days except for ECOWAS Nationals.

5. RESIDENCE – STR VISA

A. All foreigners coming to reside in Nigeria to work, school or accompany spouses/parents shall arrive the country with an STR (Subject to Regularisation) visa obtainable at Nigerian Missions abroad.

B. **Requirements for Issuance of STR Visa.**

Employees:

- i) Formal application for STR visa made by the Employer to the Nigerian Mission abroad closest to the subject normal place of abode,

indicating job position and nationality in addition to acceptance of immigration responsibilities. This should be accompanied by a support letter from the Authority/Zone Management;

- ii) completed forms Imm.22 (visa application form) with passport photographs affixed;
- iii) valid travel document;
- iv) photocopies of educational qualifications and CV of previous work experience;
- v) letter of employment stating the terms and conditions of employment;
- vi) letter of acceptance of offer;
- vii) one-way ticket;
- viii) original certificates for sighting
- ix) approved visa fee where applicable.

C. **Dependants Joining Principal Immigrants**

- i) Formal application from the employer accompanied with a support letter from the Authority/Zone Management and immigrant's employer's acceptance of immigration responsibilities;
- ii) photocopy of principal immigrant's residence permit if joining employee already in Nigeria.
- iii) marriage certificate for married women and birth certificate for children;
- iv) one-way ticket or evidence of airline booking;
- v) valid travel document;
- vi) approved visa fee where applicable;

6. ON-ARRIVAL

On arrival in Nigeria, all foreigners are required by law to represent themselves before an Immigration Officer for clearance. The visa is issued subject to compliance with the Immigration laws on arrival and the final authority in regard to the grant of permission to land rests with Immigration officer at the port of arrival.

7. ON-ENTRY

On entry, foreigners are advised to comply, with the following regulations: -

- i. all foreigners whose stay in Nigeria is to exceed 56 days are to register with the Immigration office nearest to them within 21 days of arrival;
- ii. all foreigners coming to reside in Nigeria shall regularize their stay with immigration by obtaining relevant residence/work permit;
- iii. movement from one location to another outside normal place of residence in Nigeria in excess of two weeks stay must be reported to Immigration upon departure and on arrival at both locations respectively;
- iv. request for extension of visitor's pass shall be made prior to expiry if extension of visit is envisaged.

8. REGULARISATION OF STAY

All foreigners residing in Nigeria must regularize their stay by obtaining a Combined Expatriate Residence Permit and Aliens Card (CERPAC)

A. Combined Residence Permit and Aliens Card (CERPAC)

Residence Permits have been streamlined and now issued as CERPAC. It replaced the earlier Residence Permit and Aliens Cards that were hitherto processed separately. CERPAC is a simplified process and issued in one unit of residence and alien card.

All expatriates who intend to stay in Nigeria beyond 56 days or who intend to reside and work in Nigeria and their dependants are eligible to regularise their stay with the procurement of CERPAC.

B. Requirements for CERPAC

- i. formal application to the Free Zone Immigration Service for regularization, stating post to be occupied, nationality and accepting immigration responsibilities. Application for regularisation must be made within 3 months from date of arrival into the country;
- ii. a valid DTR (subject to regularisation) visa;
- iii. letter of employment;
- iv. letter of acceptance of offer;
- v. forms Imm.22 completed with Passport photographs affixed and vetted at Nigeria Mission where visa was issued;
- vi. photocopies of credentials duly vetted at the mission abroad where visa was issued;
- vii. subject's National Passport accompanied with photocopies of the first six pages of the passport and the page on which visa was stamped;

- viii. evidence of quota approval (*not applicable for Free Zone Employees*)
- ix. Board of Directors resolution for top managerial positions eg. Board of Directors, Managing Directors, GM's, Finance Controllers etc.
- x. approved residence permit fee.

C **Requirements for CERPAC for Dependents above Sixteen Years of Age joining the Principal Immigrant**

- i. a formal application from the principal immigrant/invitee accepting immigration responsibilities.
- ii. photocopy of Husband's or father's residence permit (if already regularised);
- iii. Photocopy of marriage certificate for married women and birth certificate for children;
- iv. letter of admission/photocopy of school identity card where applicable;
- v. forms Imm.22 duly completed and vetted;
- vi. approved fee where applicable.

9. CHANGE OF EMPLOYMENT BY RESIDENT EXPATRIATE ALREADY IN NIGERIA.

May be permitted subject to the following:

- ii. formal application to NIS through the Authority/Zone Management requesting for change of employment and acceptance of immigration responsibilities;
- iii. letter of no objection from former employer;
- iiii. letter of offer of employment from Free Zone Employer;
- iiv. letter of acceptance of offer;
- iv. board of Director's resolution (where applicable);
- ivi. resident permit with former employer;
- ivii. approved residence with former employer;
- iviii. approved residence permit fee;

Note: Same applies to a Free Zone Employee wishing to take up employment with a company in another Free Zone in Nigeria.

10. RESIDENCES

- A. Free Zone Expatriates shall be allowed to reside in or outside the Free Zones.
- B. Free Zone Expatriates' Register shall be maintained for all Free Zone Expatriates residing in and outside the Free Zones.
- C. The Register shall contain information such as:
 - i. Name,
 - ii. Nationality,
 - iii. Employer,
 - iv. CERPAC number and validity period,
 - v. Place of residence.

11. RE-ENTRY VISA

- A. Formal Application to the Authority/Zone Management and NIS by Employer/Sponsor accepting immigration responsibilities.
- B. Completed Re-entry Visa Application Form IMM 22(a)
- C. Approved Fee where applicable

12. EXPATRIATE QUOTA

All Approved Enterprises are exempted from Expatriate Quota.

11. FEES

Fees for immigration services shall be levied in United States Dollar (US\$) currency.

PART 10

HEALTH, SAFETY AND ENVIRONMENTAL
REGULATIONS

Health, Safety and Environmental Procedures and Regulations

1. ACCESS TO ZONES

Access to the Zone is restricted and shall be subject to the presentation of a pass and such conditions as the Authority/Zone management may stipulate from time to time in writing.

2. REPORTING

All incidents involving loss and material damage or physical injury must be reported to the Authority/Zone Management as soon as practicable after any such incident.

3. AESTHETICS

The factory owner shall be responsible for the beautification of the immediate surrounding of their factories. The Authority/Zone management shall be responsible for general beautification of the Zone.

4. MAINTENANCE OF FACILITIES

The Authority/Zone management shall be responsible for the maintenance of such facilities such as: roads, drainage, street lightening, water supply line, sewage line, fire fighting etc. Maintenance works executed by the Authority at the instance of the investor shall be paid for by the investor.

6. ENVIRONMENTAL PROTECTION

A. Approved enterprise shall abide with applicable environmental pollution laws and regulations and shall ensure that pollution treatment facilities or other suitable devices are used to ensure that wastes and pollutants caused by their production processes are kept within tolerable limits as prescribed by applicable laws and regulations.

B. Waste management and pollution control plan shall be submitted to the Authority/Zone Management for approval before commencement of machine installation.

C. The Authority shall inspect and monitor the operations of anti-pollution devices and measures in a Zone in conjunction with relevant Government agencies and shall apply appropriate sanctions for breaches of applicable laws and regulations as provided by said laws and regulation.

D. Effluent Limitation Guidelines:

S/N	PARAMETER	LIMIT FOR DISCHARGE INTO SURFACE WATER	LIMIT FOR LAND APPLICATION
1	Temperature	>40° within 15m of outfall	> 40°C
2	Colour (Lavibond Units)	7	-
3	pH	6-9	6-9
4	BOD 5 at 20%	30(30)	50(50)
5	Total suspended solids	30	-
6	Total dissolved solids	2,000	2,000
7	Chloride (as Cl)	600	600
8	Sulphate (as SO ²)	500	1,000
9	Sulphide (as S ₂)	0.2	-
10	Cyanide (as CN)	0.1	-
11	Detergents (LAS0	15	15
12	Oil and Grease	10	20(20)
13	Nitrate (as NO ₃)	20	-
14	Phosphate (PO ₄)	5	10
15	Arsenic (as As)	0.1	-
16	Barium (as Ba)	5	5
17	Tin (as Sn)	10	10
18	Iron (Fe)	20	-
19	Manganese (as Mn)	5	-
20	Phenolic Compounds (as phenol)	0.2	-
21	Chlorine (free)	1.0	-
22	Cadmium (trivalent and hexvalent)	> 1	-
23	Copper	> 1	-
24	Lead	> 1	-
25	Mercury	0.05	-
26	Nickel	> 1	-
27	Selenium	> 1	-
28	Silver	0.1	-
29	Zinc	> 1	-
30	Total Metals	3	-
31	Calcium (as Ca ²)	200	-
32	Magnesium (as Mg ²)	200	-
33	Boron (as B)	5	5
34	Alkyl Mercury Compounds	Not detected	Not detected
35	Polychlorinated Biphenyl	0.003	0.003

S/N	PARAMETER	LIMIT FOR DISCHARGE INTO SURFACE WATER	LIMIT FOR LAND APPLICATION
	(PCBs)		
36	Pesticides (Total)	> 0.01	> 0.01
37	Alpha emitters, uc/ml	10^7	-
38	Beta emitters, uc/ml	10^4	-
39	Coliform (daily average)	40 MPN/100ml	500MPN/100ml
40	Suspended Fibre	-	-

Note: Units in Milligramme Per litre (mg/l) unless otherwise stated

PART 11

PHYSICAL PLANNING AND CONSTRUCTION PROCEDURES AND REGULATIONS

Physical Planning and Construction Procedures and Regulations

1. APPLICATION FOR LAND OR PRE-BUILT FACTORY SPACE

An approved enterprise may apply to the Authority for land or factory space in the Zone to enable it undertake in the Zone the approved activity for which approval is granted by the Authority/Zone Management.

2. PAYMENT OF DEPOSIT FOR LEASE OF LAND OR PRE-BUILT FACTORY

- A. On submission of the application, the Licensee may be required to pay to the Authority/Zone Management such deposit as the Authority/Zone management may from time to time stipulate as consideration due for the lease being applied for.
- B. The Authority shall on receipt of application for land or built-up factory space duly acknowledge receipt of same and shall within **7 days** of its acknowledgment of receipt of said application consider and allocate land or built-up factory space or otherwise as the case may be to the approved enterprises.
- C. Where the Authority refuses the application or fails to allocate land or built-up factory space within fourteen working days or acknowledgment of receipt of the application or the applicant rejects the allocation within **7 days** of the notification of the allocation the Authority shall forthwith refund the deposit paid without any deduction and without interest.

3. FORFEITURE OF DEPOSIT FOR LEASE

- A. The deposit paid in respect of a lease for built-up factory space by an approved enterprises shall be applied towards the payment of rent for the built-up factory space as per the terms of the lease agreement provided the approved enterprises occupies the space within **3 months** of the date of the execution of the agreement.
- B. Should the approved enterprise fail to occupy the leased build-up factory space within the period herein stipulated the deposit paid for the lease shall be forfeited to the Authority without further ado and any further recourse to the Authority.
- C. The deposit paid in respect of a lease for land by an approved enterprise shall be applied towards the payment of consideration for the lease of the land as per the terms of the lease agreement if the approved enterprise occupies the land and commences development of said property within **6 months** of the execution of the lease agreement.

- D. Should the approved enterprise fail to occupy the leased land and commence its development within the time stipulated herein, the deposit paid shall be forfeited to the Authority without further ado and any further recourse to the Authority.

4. BUILDING PERMIT

- A. Application for building permit shall be submitted to the Authority/Zone Management after the execution of the lease agreement and the Authority/Zone Management shall consider and grant building permit on such terms as it deems fit within **4 (Four)** working days of the receipt of the said application.
- B. The application shall be submitted together two copies of a building plan which may conform to the following:
- i. self designed factory buildings may one storey type or more,
 - ii. the design shall conform to Nigerian Building standards for factories,
 - iii. area to be covered shall be between 50% 70% of the land leased,
 - iv. buildings shall be at least 25 meters from the centre of the road to allow for packing and landscaping,
 - v. provide not more than two accesses to the premises,
- C. Any modification or correction required by the Authority/Zone Management shall be incorporated in the approved building plan and complied with by the applicant.
- D. Development of land leased to an approved enterprise by the Authority/Zone management shall be in accordance with the terms and conditions of the approved building permit issued by the Authority.

5. COMPLIANCE WITH BUILDING REGULATIONS

- A. Buildings and structures to be constructed by an approved enterprise shall be permanent structures built with fire resistant material in accordance with building, public health and fire regulations adopted by the Authority/Zone Management from time to time.
- B. the Authority/Zone Management shall be notified before commencement of construction in order to check the setting-out of building(s)
- C. During construction, the Authority/Zone Management's Engineers shall monitor construction activities with a view of ensuring quality and conformity with specifications.

6. COMMENCEMENT OF DEVELOPMENT

24. An approved enterprise that has secured a lease of land from the Authority/Zone Management shall commence development of its factory site within **three months** of the date of execution of the lease agreement.
25. On application, the Authority/Zone Management may grant an extension for a period not longer than **three months** on such terms and conditions as deemed fit.

7. FAILURE TO COMMENCE DEVELOPMENT WITHIN STIPULATED TIME

- A. For leased land not used within the specified periods, the Authority will take over such land; rentals and infrastructure charge already paid shall not be subject to refund.
- B. However, if there are practical reasons that could justify delay in implementing the project, the investor shall apply for extension before the expiration of the deadline as in Article 8(B) above.

8. COMMENCEMENT OF OPERATIONS

- A. **Approved Enterprise with land Lease:**
 - i. An approved enterprise that has secured a lease of land from the Authority/Zone Management shall commence operation within **eighteen months** of the date of execution of the lease agreement.
 - ii. On application, the Authority/Zone Management may grant an extension for a period not longer than **six months** on such terms and conditions as deemed fit.
- B. **Approved Enterprise with Built-Up Factory Space:**
 - i. An approved enterprise that has secured a lease of built-up factory space from the Authority/Zone Management shall commence operations in the Zone within **six months** of the date of execution of the lease agreement.
 - ii. On application, the Authority/Zone Management may grant an extension for a period not longer than **three months** on such terms and conditions as deemed fit.

9. FAILURE TO COMMENCE OPERATION WITHIN STIPULATED TIME

- A. Where an approved enterprise that has secured a lease of land for development of its factory site fails to commence operations in the Zone within **eighteen months** after the execution of the lease agreement or such

other extension as the Authority/Zone Management may grant, the permit of the approved enterprise to carry on business in the Zone shall be revoked without further ado and any recourse to the Authority/Zone Management.

- B. Where an approved enterprise that has secured a lease of built-up factory space fails to commence operations in the Zone within **6 months** after the execution of the lease agreement or such other extension as the Authority may grant the permit of the approved enterprise to carry on business as an approved enterprise in the Zone shall be revoked forthwith without further ado and any recourse to the Authority/Zone Management.

10. APPLICATION FOR UTILITY INSPECTION

Prior to commencement of installation of machinery, an approved enterprise shall apply for power, water supply and electrical inspection test. Connection of factory buildings to power, water supply, sewage lines, fire fighting system and telecommunication lines shall be at the approved rate. Thereafter, payments for facilities consumed will be paid for at rates prevailing. It is also at this stage that the waste management and pollution control plan is submitted for approval.

11. PERMIT TO COMMENCE OPERATIONS

- A. An approved enterprise shall prior to the commencement of operations apply to the Authority for permit to commence operations. The Authority/Zone Management shall within **twenty four hours** of the receipt of the application complete inspection of the factory site to ensure compliance with relevant building, factory and public health laws and regulations and shall issue permit to commence operation if there be no breach of applicable laws and regulations within **twenty four hours** of completion of the inspection.
- B. Where an approved enterprise has not complied with relevant regulations, the Authority shall in writing within **twenty four hours** after the completion of inspection notify the approved enterprise of the non compliance and direct that it be remedied within a stipulated period.
- C. On completion of required remedial action the approved enterprise shall invite the Authority/Zone Management for inspection and issuance of compliance certificate and the Authority shall within **twenty four hours** of receipt of the invitation inspect and issue a certificate of compliance if there be no breach on the part of the approved enterprise.

12. ALTERATION, EXPANSION AND DEMOLITION OF BUILT-UP FACTORY SPACE

- A. Investor wishing to alter, expand or demolish any part of the purchased factory must seek the prior approval of the Authority before carrying out such activity and cost involved shall be borne by the investor. In the event that an

investor decides to disinvest before the expiration of the **15 years** payment period, the Authority shall take over the building at a negotiated and agreed cost and payment terms.

- B. Alteration of a building under rent/lease can only be carried out with the prior approval of the Authority at the investor's cost. The cost of rent for service buildings depends on the type of service to be rendered

13. SUB DEMISE OR DEMISE OF PROPRTY

No real property or any part thereof whether developed or not shall be subdemised or demised in any form in a Zone without the prior written approval of the Authority having been first sought and obtained.

14. GROUND RENT

All investor in the Zone shall be required to pay applicable ground rent at the prevailing rate to the Authority calculated on monthly basis.

DEFINITION OF TERMS

DEFINITION OF TERMS

In these regulations, the following words are used in place of the corresponding full terms set forth herein below:

Act means the Nigeria Export Processing Zones Act No. 63 1992

Applicant means any Entity who has duly completed, signed and submitted an Application Form to the Authority.

Application Form means application for Free Zone registration.

Approved Activity means any of the activities specified in the third schedule to the Nigeria Export Processing Zones Act No. 63 of 1992.

Authorised Banks means banks licensed under BOFIA, 1991 and authorized to deal in foreign exchange in the customs territory of Nigeria.

Authority means the Nigeria Export Processing Zones Authority established pursuant to the Nigeria Export Processing Zones Act No. 63 of 1992.

Bank pay-In-Slip means the Custom Duty Receipt in as set out in the Regulations.

CBN means Central bank of Nigeria

Country of Origin in the case of a Foreign Entity means a jurisdiction other than the State and in the case of a Domestic Entity means the State

Customs Bill of Entry means the form identified as the Single Goods Declaration (SGD) as contained in these Regulations.

Customs Free Zone Guarantee means a bond or guarantee issued by a bank or other financial institution acceptable to the Free Zone Customs on behalf of a licensee on terms and in a form approved by the Authority.

Custom Territory means the Federal Republic of Nigeria excluding any area designated as a Free Zone,

Employee means person who works in any capacity under the instructions of an Employer for Wages or a Salary.

Enactment means a law of the State whether issued by the Federal Government or Local Government but excluding Circulars and Regulations of the Free Zone;

Expiry Date means the date specified on the Licence as the date upon which the Licence will expire.

Exporter in relation to goods for exportation includes the shipper of the goods and any person performing, in the case of an aircraft, functions corresponding to those of shipper.

External Account means an account opened for non-residents by banks licensed under BOFIA, 1991, or other legislations to operate in the customs territory of Nigeria. An external account is allowed solely for defraying statutory, operational, administrative and salary expenses of non-residents. It is funded only from the sale of foreign currencies for Naira, and cannot be funded with Naira from any other source without the CBN's approval.

Free Zones mean Export Processing Zones, Border Free Zones, Free Trade Zones, Export Processing Factories and Export Processing Farms established pursuant to the Nigeria Export Processing Zones Act No 63 of 1992.

Free Zones Circular means notices or any periodic information from the Authority or any Zone Management.

Free Zone Customs means a person being an officer of the Nigeria Customs Service within the Zone, a person acting on the instruction of any such officer or any person appointed by the Federal Government who for the time being is employed to carry out all functions related to Customs in the Free Zones.

Free Zone Immigration means a person being an officer of the Nigeria Immigration Service within the Zone, a person acting on the instruction of any such officer or any person appointed by the Federal Government who for the time being is employed to carry out all functions related to immigration in the Free Zones.

Import Duty means customs duties chargeable on imports.

Importer means in relation to any goods at anytime between their importation and the time when they are cleared, any owner or other person for the time being possessed of, or beneficially interested in the goods.

Lease Agreement means the lease agreement to be entered into by the Applicant or Licence Holder as the case may be;

Licence means the licence issued or to be issued by the Authority to a Licensee

Licensee means the holder of a valid and current licence;

Minister means the Federal Minister charged with the responsibility for Commerce

NAHCO means Nigerian Aviation handling Company

NCS means Nigeria Customs Service

NIS means Nigeria Immigration Service

NPA means the Nigerian Ports Authority

Non-Resident means any person who is resident outside the customs territory of Nigeria (eg. expatriate staff in a Free Zone); or any business enterprise or institution registered or incorporated from outside the customs territory of Nigeria, e.g. Approved Enterprises and licensed bank in Nigeria's Free Zones.

Order means an Order issued by the Minister pursuant to Section 24 (2) of the Act

Regulations mean the rules and regulations issued by the Authority/Zone Management pursuant to this Act.

Resident means a citizen of Nigeria or a person granted permission to reside permanently in Nigeria or a business enterprises or institution registered or incorporated and operating in the customs territory of Nigeria

Resident Account means any account opened for a resident or a temporary visitor to Nigeria by Banks licensed under BOFIA to operate in the customs territory of Nigeria.

Salary means wages set and paid on a monthly basis.

State means the Federal Republic of Nigeria.

Terminal Operator means the authorised operators of the terminals at the seaports.

US \$ means the currency of the United States of America.

Wages means remuneration or earnings capable of being expressed in terms of money and fixed by virtue of a contract by an employer to a worker for work done or to be done or services rendered or to be rendered.

Work Period means a period during which an employee places his energy or time at the disposal of an Employer