

*Extraordinary*



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In exercise of the powers conferred on it by section 27 of the Nigeria Export Processing Zones Act, 2004, Cap. N.107 LFN 2004 and of all other powers enabling it in that behalf, the Nigeria Export Processing Zones Authority with the approval of the Honourable Minister of Commerce and Industry hereby make the following Regulations—

Commence-  
ment.

**Application.**

1. Pursuant to Section 1(1) of the Act, the LFZ is designated a Free Zone, by the President on [ ] .

Designation  
of Free  
Zones.

2. Applications to undertake an approved activity in the Zone as provided by the Act shall be accepted by the Zone Management/Authority 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.

Application  
to Undertake  
Approved  
Activity in a  
Free Zone.

3. Applications to undertake an approved activity in the Zone shall be made on forms provided by the Zone Management/Authority or as otherwise agreed by the Zone Management/Authority. 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 on the following amongst others :

- (a) Project Description ;
- (b) Market Survey ;
- (c) Funding Proposals ;

- (d) Five year Financial Projections ;
- (e) Environmental Impact Statement,
- or as otherwise agreed by the Zone Management/Authority.

Approved  
Activity.

4. Application to undertake an approved activity shall be considered within seven (7) days of acknowledgement and the applicant notified in writing of approval or otherwise :

(a) Pursuant to Section 16(1)(c) of the Act, petroleumProduct may be imported, taken into, stored, sold and disposed of on and exported from the Zone in such quantities as the Zone Management/Authority shall approve.

Licensing of  
Approved  
Enterprise.

5. Upon receipt of approval to undertake an approved activity in the Zone, an applicant shall apply to the Zone Management/Authority for licensing as an approved enterprise as provided by the Act.

Application  
for Land or  
Built-up  
Factory  
Space.

6. Approved enterprise shall apply to the Zone Management/Authority for serviced land or factory space in the Zone.

Building  
Permit.

7.—(a) Applications for building permits shall be submitted to the Zone Management/Authority after the execution of the land lease agreement and the Zone Management/Authority shall consider and grant building permit on such terms as it deems fit within fourteen (14) days of the receipt of the said application. Any modification or correction required by the Zone Management/ Authority 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 Zone Management/Authority shall be in accordance with the terms and conditions of the approved building permit issued by the Zone Management/Authority.

Compliance  
With  
Building  
Regulations.

8. Buildings and structures to be constructed by an approved enterprise shall be built with fire resistant material in accordance with building, public health and fire regulations adopted by the Zone Management/Authority from time to time.

Application  
for  
Inspection  
of Utility  
Facilities.

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 Zone Management/Authority before commencement of machine installations.

Permit to  
Commence  
Operations.

10.—(1) An approved enterprise shall prior to the commencement of operations apply to the Zone Management/Authority for a permit to commence operations.

(2) The Zone Management/Authority shall within seven (7) days 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 a permit to commence operations if there exists no breach of applicable laws and regulations within twenty-four hours of completion of the inspection.

**11.** Where an approved enterprise has not complied with relevant regulations, the Zone Management/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: Provided always that the Authority/Zone Management shall act reasonably in conducting such inspection and determining compliance.

**12.—(1)** An approved enterprise that has secured a lease of built-up factory space from the Zone Management/Authority shall commence its operations in the Zone within six months of the date of execution of the lease agreement.

Commence-  
ment of  
Development  
and  
Operations.

(2) On application the Zone Management/Authority may grant an extension for a period not longer than three months.

**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 Zone Management/Authority may grant, the approved Enterprise shall, in accordance with and subject to the provisions of Regulation 21 of Part 5 of these Regulations, be deregistered forthwith without recourse to the Zone Management/Authority.

De-  
registration  
of Approved  
Enterprise.

**14.—(1)** 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.

Period for  
Commence-  
ment of  
Operation.

(2) On application, the Zone Management/Authority may grant extensions for any reasonable period of time and on such terms and conditions as it deems fit.

**15.** Where an approved enterprise has secured a lease of land and 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 Zone Management/Authority may grant, the licence of the approved enterprise may, in accordance with and subject to the provisions of Regulation 21 of Part 5 of these Regulations, be deregistered forthwith without further ado and any further recourse to the Zone Management/Authority.

Deregistration  
for Failure  
to  
Commence  
Development  
or  
Operations  
within the  
Stipulated  
Period.

**16.** An approved enterprise can engage in approved activities as stipulated by the Act and for which the Authority has granted it permission to engage in the Zone provided the operation of the approved activity does not

Approved  
Activities  
for  
Investment.

cause damage to human life, property, environment, constitute a threat to public peace and order or national security.

Demise or  
Sub-demise  
of Real  
Property in  
the Zones.

**17.** No real property or any part thereof whether developed or not, shall be sub demised or demised in any form in the Zone without the prior written approval of the Zone Management/Authority having been first sought and obtained, and such approval not to be unreasonably withheld or delayed.

Alteration,  
Expansion  
and  
Demolition  
of Prebuilt  
Factory  
Building.

**18.** Investors wishing to alter, expand or demolish any part of a leased factory building must seek the prior approval of the Zone Management/Authority before carrying out such activity and cost involved shall be borne by the investor

Payment of  
Ground  
Rent.

**19.** All investors in the Zone shall be required to pay applicable ground rent at the prevailing rate to the Zone Management calculated on a monthly basis or as otherwise agreed in writing between Zone Management/Authority and the Licensee/investor.

Management  
and  
Marketing/  
Promotion  
Fees.

**20.** An approved enterprise shall pay to the Zone Management or the Authority the applicable rates per annum as Marketing/Promotion Fees for services provided.

Dis-  
investment.

**21.** In the event that an investor wishes to disinvest for any reason, the Zone Management/Authority shall be notified of such decision and afforded an opportunity to bid within twenty one business days of such notification to takeover any of the building(s) at an agreed sum and payment terms.

#### **PART 2—GENERAL REGULATIONS—SECTION 10(4)**

Licensing,  
Monitoring  
and  
Regulation  
of Free  
Zones.

**22.** The licensing, monitoring, and regulation of all free zones in Nigeria is vested in the Authority.

Management  
of Free  
Zones.

**23.** The Management of Federal Government Free Zones is vested in the Authority while those of States and private entities is vested in the licensees.

Delegation  
to Zone  
Management.

**24.** Pursuant to the Concession Agreement, the Authority has delegated to LFZDC the responsibility to develop, manage, operate and administer the area of the LFZ specified in the Concession Agreement.

Incentives  
and  
Concessions.

**25.** Approved enterprises within the Zone are entitled to the following incentives and concessions :

(a) exemption from Federal, State and Local Government taxes, levies and rates and all other regulations pertaining to taxes, levies, duties and foreign exchange shall not apply within the Zone. Exemption from customs duties and associated fees and charges and VAT on all imported products in relation to an approved activity, together with exemption from VAT on site construction activities and on locally procured materials, equipment and service ;

(b) repatriation of foreign capital investment in the Zone at any time with capital appreciation of the investment ;

(c) remittance of profits and dividends earned by foreign investors in the Zone ;

(d) import or export licenses is not required ;

(e) up to 100 *per cent* of what is produced, traded or stored within the Zone may be imported, exported or re-exported 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 *per cent* foreign ownership of business in the zones allowable ;

(h) foreign managers and qualified personnel may be employed by companies operating in the Zone ;

(i) the import duty on goods manufactured, processed, stored or assembled in the Zone and exported into the Customs Territory, shall be the rate applicable to the raw materials (in the state in which they are originally introduced into the Zone) except where the raw materials are local to the Customs Territory and in which event the duty applicable shall be zero-rated ;

(j) any special product imported into Zone under this scheme :

(i) on which value has been added without changing the essential character of the product after processing in the Zone ; and

(ii) intended for the Customs Territory, shall be granted a 75 *per cent* rebate on the import duty.

(k) goods manufactured or produced in Free Zones shall be imported into the Customs Territory irrespective of whether the goods are prohibited or not upon payment of the appropriate duty. However, prohibited goods that have been assembled or packaged without meeting the 35 *per cent* value addition requirement shall not be allowed into the Customs Territory.

(a) No person shall enter, remain in or reside in the Zone without the prior permission of the Authority or Zone Management.

Movement  
of Persons,  
Goods, etc.  
In and Out  
of Free  
Zones.

(b) No retail trade shall be conducted within the 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.

(d) The Zone Management/ Authority shall not unreasonably withhold or delay any permission or approval sought pursuant to Regulation 5(a) or 5(b) above to the extent that it would prevent or hinder a Licensee from carrying out an approved activity in the ordinary course of business.

**26.** Any costs incurred by the Authority in removing abandoned goods shall be refunded on demand by the Licensee or owner of the abandoned goods

Manufacturing  
and  
Processing.

**27.** 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

(c) be consumed if the goods are meant for consumption in the Zone ;

(d) be removed from the Zone or sent into the customs territory, whether as originally packed or otherwise subject to the payment of appropriate duties under the Customs, Excise Tariff, etc. (Consolidation) Act ; or

(e) be subject to any other activity as approved by the Authority.

**28.** Not used.

Quarterly  
Report on  
Operations  
by Approved  
Enterprises.

**29.** 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.

Books and  
Records.

**30.** 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 reasonably required.

<p><b>31.</b> 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 thirty (30) days after its adoption.</p>	<p>Audited Accounts.</p>
<p><b>32.</b> Registration of vehicles in the Free Zone shall be in accordance with Rules and Regulations set down by the Authority after consultation with the Federal Road Safety Commission.</p>	<p>Registration of Vehicles.</p>
<p><b>33.</b> A driver of a vehicle in the Free Zone must be in possession of a valid driving licence or an international driving licence issued by an appropriate authority.</p>	<p>Issue of Driving Licences.</p>
<p><b>34.</b> Dedicated Free Zone Customs, Police and Immigration Commands shall be established to deal with aspects of movement of goods and persons in to and out of the Free Zone.</p>	<p>Customs, Police and Immigration.</p>
<p><b>35.</b> The following Customs Procedures shall apply in the zone :</p> <p>(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 Zone products.</p> <p>(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.</p> <p>(c) The procedure for importing goods into the Free Zone is as set out in Schedule A of Part 3 of these Regulations.</p> <p>(d) The procedure for exporting goods from the Free Zone is as set out in Schedule B of Part 3 of these Regulations.</p> <p>(e) The procedure for handling goods, which require repairs and maintenance is as set out in Schedule C of Part 3 of these Regulations.</p> <p>(f) The procedures for transferring goods from one licensee to another is as set out in Schedule D of Part 3 of these Regulations.</p> <p>(g) The procedures for transferring goods from one Free Zone to another is as set out in Schedule E of Part 3 of these Regulations.</p>	<p>Customs Procedures.</p>
<p><b>36.</b> An approved enterprise shall on the execution of a lease agreement with the Zone Management or 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 Zone Management or Authority may stipulate.</p>	<p>Immigration Procedures.</p>
<p><b>37.</b> Applications for work permits for aliens shall only be accepted by the Zone Management or Authority if in conformity with the Zone Management's or Authority's stated and written requirements. On acceptance of an application for work permits for aliens the Zone Management or Authority shall acknowledge receipt of same.</p>	

**38.** The Zone Management or Authority shall consider an application for work permits for aliens and notify the applicant of the grant of the permits or otherwise within 30 days of due submission of the said application.

**39.** An approved enterprise shall forward to the Zone Management or 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.

Security in  
the Free  
Zone.

**40.** The Zone Management or Authority shall provide security over the premises, properties and facilities within the Free Zone.

Free Zone  
Tariffs and  
Charges.

**41.** The Zone Management or Authority 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 Zone Management or Authority may review such charges from time to time.

Applicable  
Laws, etc.

**42.** Except as provided under the Act, an enactment applicable in the customs territory shall apply within the Free Zone.

Arbitration  
Litigation/  
Court Cases.

**43.—(a)** Where any dispute arises between a Licensee and another Licence Holder in the Free Zone which cannot be amicably settled between the parties (unless otherwise agreed by the parties to the dispute), the matter shall be notified to the Zone Management/Authority and may be referred by either of the parties to the Zone Management/Authority for mediation and the decision of the Zone Management/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 notified to the Zone Management/Authority by the Licensee and the Zone Management/Authority shall assist the Licensee in all negotiations, mediation and reconciliation of the same.

**(c)** Where any dispute arises between any Licensee and their employees, which cannot be amicably settled between the parties, the matter shall (unless an alternative dispute resolution procedure reasonably acceptable to Zone Management/Authority is stipulated in the relevant employment contract) be referred to the Zone Management/Authority, which shall take all necessary steps to mediate a settlement between the parties.

**(d)** In all the cases set out in this Regulation, the Zone Management or Authority (acting reasonably) reserves the right to intervene at any stage of any dispute in order to maintain industrial peace in the Zone.

**44.** In all cases of disputes in the Zone, the appropriate law in the Customs Territory shall apply unless otherwise agreed by the parties to the dispute.

Provision of  
Services  
Outside the  
Free Zone.

**45.** No expatriate employee of any Licensee shall accept employment outside the Zone or offer the same services outside the Zone without the consent and approval of the Zone Management or Authority.



**46.** All Licensees shall observe the relevant measures necessary for protection and preservation of the Zone environment and the immediate host community.

Environmental  
Safety and  
Pollution  
Control.

**47.** Approved enterprises 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.

**48.** The Zone Management or Authority shall inspect and monitor the operations of anti-pollution devices and measures in the Zone in conjunction with relevant Government Agencies and shall apply appropriate sanctions for breaches of applicable regulations.

**49.—**(1) The factory owner shall be responsible for the beautification of the immediate surroundings of their factories.

Maintenance  
Responsibili-  
ties.

(2) 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 lighting, water supply line, sewage line, fire fighting etc. Maintenance works executed by the Zone Management or Authority at the instance of the investor shall be paid for by the investor.

(3) Connection of factory building to power, water supply, sewage lines, fire fighting system and telecommunication lines shall be at the approved rate.

(4) Payments for facilities consumed will be at rates prevailing.

## PART 3—CUSTOMS PROCEDURES AND REGULATIONS

## SCHEDULE A

*Procedures for Importing Goods into the Free Zone*

General  
Procedures  
for  
Importing  
Goods into  
the Free  
Zone.

**50.—**(1) 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") :

(i) 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" ;

(ii) 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 ;

(iii) in relation to sea shipments, the "Port of Discharge" shall be clearly specified, and

(iv) in relation to air shipments, the "Airport of Final Destination" shall be clearly specified.

(c) The Zone Management shall require the shipping line or 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.

**51.—(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 and S or otherwise.

Specific  
Procedures  
for  
Importing  
Goods into  
the Free  
Zone by  
Sea.

(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 :

- (i) Commercial Invoice ;
- (ii) Bill of Lading ;
- (iii) Packing List ; and
- (iv) 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 or 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.

## B 302

Special  
Procedures  
for  
Importing of  
Goods into  
the Free  
Zone by Air  
Freight.

**52.—(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.

Special  
Procedures  
for  
Importing  
Goods into  
the Free  
Zone by  
Road  
Freight.

**53.—(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.

Cargotrack  
Inventory  
System.

**54.—(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.

**55.** The procedure for importing goods into the Zone by pipeline or for importing other special products into the Zone shall be as prescribed by the Zone Management or as may be agreed from time to time by Free Zone Customs with a Licensee.

Specific  
Procedures  
for  
Importing  
Goods into  
the Zone by  
Pipeline or  
for  
Importing  
other  
Special  
Products  
into the  
Zone.

## SCHEDULE B

*Procedures for Exporting Goods from the Free Zone*

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.

Exporting  
Goods from  
the Free  
Zone into  
the Customs  
Territory.

**56.—(1) Release on Payment of Duty :**

(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) :

- (i) Commercial Invoice ;
- (ii) Form M ;
- (iii) Bill of Lading ;
- (iv) Packing List ; and
- (v) 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.

(i) 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).

(ii) 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.

(iii) The Free Zone Customs if satisfied will release the goods for delivery to the importer.

(iv) 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.*

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.

**57.** The procedure for exporting petroleum products or other special products from the Zone into the Customs Territory shall be as prescribed by the Zone Management or as may be agreed from time to time by Free Zone Customs with a Licensee.

Exporting  
Petroleum  
Products or  
other  
Special  
Products  
from the  
Zone to the  
Customs  
Territory.

## **B 306**

Exporting  
Goods to a  
Foreign  
Territory by  
Sea.

**58.—(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.

Exporting  
Goods to a  
Foreign  
Territory by  
Air Freight.

**59.—(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.

(i) The Zone Management shall complete the same procedures as exporting of goods by sea.

(ii) 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.

(iii) 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.

## SCHEDULE C

PROCEDURES FOR HANDLING GOODS THAT  
REQUIRE REPAIR AND MAINTENANCE

Goods from  
within the  
Customs  
Territory  
being  
Repaired or  
Maintained  
in the Free  
Zone.

**60.—(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.

Goods for  
Repair,  
Refurbish-  
ment or  
Maintenance  
in the  
Customs  
Territory.

**61.—(a)** The Licensee may apply to the Zone management requesting goods situated in the Free Zone to be repaired in the Customs Territory.

(b) The Zone Management shall issue a Request for Repair of Free Zone Goods in Nigeria ("Request for Repair") enclosing information provided by the Licensee.

(c) The Free Zone Customs shall then examine the goods and release for repairs.

(d) Goods will then be released from the Free Zone with the approval documents.

(e) 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.

(f) 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.

## SCHEDULE D

**62.—(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.

Procedures  
for Goods  
being  
Transferred  
from One  
Licensee to  
another  
within a  
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.

**63.** The procedure for transferring petroleum products or other special products from one Licensee to another within the Zone shall be as prescribed by the Zone Management or as may be agreed from time to time by Free Zone Customs with a Licensee.

Procedures  
for  
Petroleum  
Products or  
other  
Special  
Products  
being  
Transferred  
from One  
Licensee to  
another  
within a  
Zone.

## LICENSING OF FREE ZONES AND BUSINESS ENTERPRISES

Application for Licence.	<p><b>1.</b> An application for a Licence shall be made to the Zone Management/Authority by completing the prescribed form accompanied with all the required documents or as otherwise specified by Zone Management/Authority.</p>
Types of Licence.	<p><b>1.</b> The Authority/Zone Management may grant approval for one or more of the following Licences :</p> <ul style="list-style-type: none"> <li>(a) Free Zone Developers Licence :</li> <li>(b) Free Zone Enterprise Licence :</li> <li>(c) Export Processing Factory/Export Processing Farm Licence Free.</li> </ul> <p><i>Zone Developers Licence.</i>—Licence 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.</p> <p><i>Free Zone Enterprise Licence.</i>—Licence granted by the Zone Management/Authority for an enterprise to undertake an approved activity within a Free Zone. These activities could be :</p> <ul style="list-style-type: none"> <li>(a) Manufacturing ;</li> <li>(b) Trading ;</li> <li>(c) Service Provision ;</li> <li>(d) Other activities designated as approved activities pursuant to the Act.</li> </ul> <p><i>Export Processing Factory/Export Processing Farm Licence.</i>—Licence 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 per cent of its production.</p>
Eligibility for a Licence.	<p><b>2.</b> In determining eligibility for a Licence, the Zone Management/Authority may consider the following :</p> <ul style="list-style-type: none"> <li>(a) the activities which the applicant proposes to engage shall be in consonance with the free zone approved activities ;</li> <li>(b) the proposed activities to be carried out shall add value to and be consistent with, the development programme for the Free Zone ;</li> <li>(c) the applicant shall comply with the provisions of the Act and applicable Rules and Regulations that may be put in place by the Zone Management/Authority from time to time ;</li> <li>(d) the technical, financial and managerial capabilities of the applicant ; and</li> </ul>

- (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.

**3.--(a)** A Licence shall only be issued to an Applicant who has satisfied the Zone Management/Authority in all respects.

Issue of a Licence.

(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 Zone Management/Authority such consent not to be unreasonably withheld or delayed.

**4.** A Licensee shall at all times :

Licensee Continuing Obligations.

(a) comply in all material respects with terms and conditions of its Licence and Lease Agreement ;

(b) comply with the Act and these Regulations and Free Zone Circulars issued by the Zone Management/Authority ;

(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 Zone Management/Authority 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.

**5.** The Zone Management/Authority shall not issue any Regulation, Free Zone Circular, guideline, rule, directive or instruction or take any unreasonable action which adversely affects or the consequences of which will adversely affect a Licensee.

Authority/ Zone Management Continuing Obligations.

**6.** A Licence will be valid for such period as may be stipulated by the Zone Management/Authority. At the end of such period, the Licence will be renewable on :

Renewal of Licence.

(a) payment of the Licence renewal Fee ;

(b) production of any other documents, returns or information which the Zone Management/Authority may reasonably require ;

(c) payment of all outstanding amounts (if any) due to the Zone Management/Authority.

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

Operations Outside the Zone.

**B 312**

Premises.

8. 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.

Fees.

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

## PART 5

## FREE ZONE REGISTRY PROCEDURES AND REGULATIONS

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

2. Licensees shall be exempt from providing, filing or submitting information to Government Institutions other than the Zone Management/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 Zone Management/Authority. Right-of the Registry to Request and Receive Information.

3. A Free Zone Enterprise must comply with the provisions of Regulations 4 to 20 in this Part 5, save :

(a) to the extent that such provisions conflict with any rule of, or obligation placed upon that Free Zone Enterprise under, applicable company law, (*provided always that the Free Zone Enterprise submits evidence to the Zone Management/Authority of its due incorporation in the territory or elsewhere*) ; or

(b) where such provisions have no application on the ground that the business concern will operate otherwise than as a corporation.

4. —(a) The capital of each Free Zone Enterprise shall be denominated in either local currency (Naira) or United States Dollars (US\$). Share Capital.

(b) The capital of each Free Zone Enterprise shall be divided into shares. Each share shall be numbered. Each share shall be represented by a share certificate in such form as the Zone Management/Authority or the company law applicable to that entity may prescribe from time to time.

(c) The share capital of a Free Zone Enterprise 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 Zone Management/Authority or the company law applicable to that entity may require.

(d) The share capital of a Free Zone Enterprise may be altered by Owner's Declaration subject to the prior approval of the Zone Management/Authority. Details of each alteration in the share capital of a Free Zone Enterprise shall be entered in the FZE Register and shall take effect from the date of such registration or as prescribed by the company law applicable to that entity.

(e) A Free Zone Enterprise, being a body corporate, and undertaking an approved activity shall notify the Zone Management/Authority of any purchase, assignment or transfer of shares in the Free Zone Enterprise, except where its shares are quoted and are freely transferable on any international Stock Exchange.

Name.

5. The name of a Free Zone Enterprise must end with the acronym FZE. A Free Zone Enterprise shall not be registered in the FZE Register with a name, which is not approved by the Zone Management/Authority. A Free Zone Enterprise may change its name by Owner's Declaration subject to the proposed new name being approved by the Zone Management/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.

Registered  
Address.

6. 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.

Sign-Name  
Plate.

7. 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 Zone Management/Authority.

Business  
Letters, etc.

8.—(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.

Shares.

9.—(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.

**10.** 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 or on such date as may be prescribed by the company law applicable to that entity.

Share  
Transfer.

**11.—(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.

Directors  
and  
Secretary.

(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.

**12.—(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.

Directors'  
Meetings.

(b) A resolution signed by 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.

Object of  
Free Zone  
Enterprises.

**13.** 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.

Seal.

**14.** 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.

Contracts.

**15.—(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.

(b) 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.

(c) 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.

(d) 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.

Accounts.

**16.** Save where a Free Zone Enterprise is subject to alternative accounting requirements under the laws applicable to its jurisdiction of incorporation, the following shall apply :

(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 (1) 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 three (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 Zone Management/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 (l) above.

(n) Where the total net assets of a Free Zone Enterprise which is a public company (meaning its shares are quoted and freely transferable on any international Stock Exchange) fall below 50 *per cent* of its share capital the director(s) shall, not later than 30 days from the earliest day on which that fact is known to a director, convene a meeting of the Owner for a date not later than 60 days from that day for the purpose of considering whether any, and if so what steps should be taken to deal with the situation.

Distributions.

**17.** 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 or where permitted by the company law applicable to the relevant entity. 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 or as otherwise prescribed by the company law applicable to the relevant entity. No distribution shall be made other than pursuant to the company law applicable to the relevant entity or pursuant to an Owner's Declaration a copy of which shall be delivered to the FZ Registry within seven (7) days of being made and details of which shall promptly be entered in the FZE Register.

**18.** 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 FZ Registry within twenty eight (28) days after it is made and promptly entered in the FZE Register.

Ownership.

**19.** A copy of every Owner's Declaration passed at a meeting requiring special notice shall be provided to the FZ Registry within fifteen (15) days after it is made and details thereof shall promptly be entered in the FZE Register.

Owner's  
Declarations.

**20.—(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 and will be void if details thereof in the prescribed form are not delivered to the FZ Registry within twenty eight (28) 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.

Security  
Interests.

**(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 twenty eight (28) 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 twenty eight (28) days and entered promptly in the FZE Register.

Power to  
Investigate.

**21.—(a)** The Zone Management/Authority may appoint one or more competent persons as inspectors to investigate the affairs of any Free Zone Enterprise and report to the Zone Management/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 Zone Management/Authority acting unilaterally or by any other person provided the Zone Management/Authority, acting reasonably, is satisfied that good reason has been shown or circumstances arisen for requiring the investigation.

*(b)* Any inspector appointed by the Zone Management/Authority pursuant to Article 20(a) above shall have such powers of investigation as the Zone Management/Authority may reasonably vest in him.

*(c)* Any investigation carried out pursuant to this Regulation 20, shall not in any way interfere with or inhibit the ongoing business or operations of the relevant Free Zone Enterprise.

*(d)* If the Zone Management/Authority has reasonable cause to believe that any Free Zone Enterprise has *(i)* ceased operating in the Zone ; and *(ii)* abandoned its property and assets within the Zone, it may investigate the same. The Zone Management/Authority (acting reasonably) may de-register a Free Zone Enterprise (pending re-commencement of its operations) in accordance with and subject to the procedure set out in Regulation 21 of this Part 5 where, having made enquiries in writing of the Free Zone Enterprise to ascertain if it is carrying on operations and such Free Zone Enterprise either fails to respond to such enquiry within thirty (30) days of receipt thereof or fails to demonstrate to the reasonable satisfaction of the Authority/Zone Management *(i)* that it is carrying on its operations in the Zone ; or *(ii)* that it has not abandoned its property within the Zone.

*(e)* When a Free Zone Enterprise is deregistered all property and rights vested in it and not owned by the Zone Management/Authority or any other person are deemed held by its Owner. Following deregistration (other than on the request of the Free Zone Enterprise), the Free Zone Enterprise and the Zone Management/Authority shall meet and discuss how best to deal with any property and assets of the Free Zone Enterprise remaining in the LFZ where such property and assets are not the subject of a prompt sale.

Deregistration  
for a  
Material  
Breach.

**22.—(a)** Prior to the issue of any notice of intention to deregister in accordance with part *(b)* below of this Regulation 21, the Zone Management/Authority shall notify a Free Zone Enterprise of an alleged material breach of its Licence. The Free Zone Enterprise shall be given a period of 30 days within which to defend or resolve the alleged material breach.

(b) A Free Zone Enterprise may be deregistered by the Zone Management/Authority following a material breach of the terms of its Licence, provided that :

(1) the Zone Management/Authority shall give twenty one (21) days notice to a Free Zone Enterprise of any intention to deregister such Free Zone Enterprise ;

(2) the Free Zone Enterprise may, within seven (7) days of receipt of such notice, notify the Zone Management/Authority that it disputes such deregistration and attempt to resolve the dispute ;

(3) in the event that the Zone Management/Authority and the Free Zone Enterprise cannot resolve the dispute, the Free Zone Enterprise may, within twenty one (21) days refer the matter to the Minister of Commerce for resolution ;

(4) the Free Zone Enterprise may, at any time, refer such dispute to arbitration for resolution, such decision shall be binding on the Zone Management/Authority and the Free Zone Enterprise ;

(5) any deregistration of a Free Zone Enterprise by the Zone Management/Authority shall be suspended for the period of time during which such deregistration remains in dispute in accordance with any of the above procedures set out in this Regulation 21.

(c) The following, in so far as they amount to a material breach of the terms of a Licence and subject to the procedure set out in parts (a) and (b) above of this Regulation 21, may be grounds for deregistration :

(i) When it is confirmed through a written report that there has been an act contrary to the provisions of Laws and these Regulations or of the Free Zone Circulars, written instructions and directives of the Zone Management/Authority and that the action is to the detriment of order in the 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 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 the 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 sixty (60) days (or such other period as the Zone Management/Authority deems fit) of the date of approval of construction projects by the Zone Management/Authority or in the case

of leased premises that the operation has not been launched within six (6) months (or such other period as the Zone Management/Authority deems fit).

(v) When the Zone Management/Authority has twice been denied information or has not received a response within the specified reasonable period, or has been supplied with misleading or false information regarding activities in the Zone, which it has requested in writing.

(vi) When it is established through a written report of the Zone Management/Authority that the user or his responsible and authorised representative or employees have caused damage to facilities, machinery and equipment in the Zone owned by third parties and that this has been repeated despite the issue of a written warning.

(d) A Free Zone Enterprise shall be deregistered upon a formal written request by that Free Zone Enterprise to the Zone Management/Authority to be deregistered.

Revocation  
of Licences  
for a  
Criminal  
Offence.

**23.—(a)** The Licence of a Licensee may be revoked by the Zone Management/Authority following the commission of a criminal offence by the Licensee where the acts or omissions of the Licensee have prejudiced the national security or the substantial safety and security of the Zone (and any activities and undertakings carried on within the Zone).

(b) A final, binding and non-appealable decision to revoke a licence in accordance with the procedure set out in this Regulation 22, shall result in the de-registration of the Licensee as a Free Zone Enterprise.

(c) The Licensing Fee is forfeited to the Zone Management/Authority and will not be reimbursed in cases of the final, binding and non-appealable revocation of a Licence.

Re-  
registration  
and Re-issue  
of Licence.

**24.** A Free Zone Enterprise shall be immediately re-registered and/or have its Licence immediately reinstated by the Zone Management/Authority upon a court of competent jurisdiction or arbitral body determining that such Free Zone Enterprise was wrongly deregistered or that its Licence was wrongly revoked.

Register of  
Free Zone  
Vehicles.

**23.—(a)** The FZ Registry shall compile and maintain a register of the Zone Management's/Authority's and Licensee's vehicles.

(b) The Zone Management/Authority shall apply to and receive from the Federal Road Safety Commission appropriate number plates for vehicles to be registered.



## PART 6

## TAXATION PROCEDURES AND REGULATIONS

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

Federal  
Inland  
Revenue  
Service.

(a) 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.

Exemption  
from Taxes.

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

For the avoidance of doubt corporation tax shall not be payable by any licensed and registered Free Zone Enterprise and goods imported into the LFZ shall not be subject to import or other customs duties.

**B 324****(b) Tax Implication of Specified Transactions**

<i>S/N.</i>	<i>Subject Matter</i>	<i>Tax Implication</i>	<i>Basis of the Position</i>
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) and 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 import duty 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. 63 of the CITA.	This is in line with Sections 51A of the PPTA and Sections 8 of CITA dealing with derivation of Income is also relevant.

## PART 7

## BANKING PROCEDURES AND REGULATIONS

**1.—(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 bands 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.

Introduction.

(b) Similarly, banks in Nigeria's Free Zones are granted approval under the Act by the Authority. The objectives of these guidelines are therefore to :

- (i) complement and enhance the provisions of the Act ;
- (ii) provide details of regulatory and supervisory requirements necessary to promote efficient and profitable banking services in Nigeria's Free Zones ;
- (iii) spell out details of permissible and prohibited activities of banks in Nigeria's Free Zones ;
- (iv) provide details of incentives available to banks in Nigeria's Free Zones ; and
- (v) facilitate the attainment of the goals for which Free Zones are established in Nigeria.

**2.—(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.

Banks in Nigeria's Free Trade Zone (FTZS).

(b) *Licensing Requirements*

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

(ii) An application for an operating permit shall be submitted through the Authority to the Bank with the following :

- (a) two copies each of its Memorandum of Association and Articles of Association ;
- (b) copies of its banking licence issued by the Bank under BOFIA, 1991 or other legislations or its banking licence issued by the appropriate Authority in the country where the bank was incorporated ;

(c) A copy of the bank's resolution at a meeting of its directors approving the proposed application for a licence to carry on banking business in Nigeria's FTZs ;

(d) 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 *per cent*) 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).

Disclosure  
Requirement.

**3.—**(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.

Sources and  
Uses of  
Funds.

**4.—**(a) *Sources :*

(i) Deposits of non-bank customers, e.g.

- 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.—**(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.—**(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 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.—**(i) A bank in an FTZ shall have its books audited by an Auditor approved by the Bank.

Rendition of  
Returns.

Examination  
of Banks.

Auditing of  
Accounts.

(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.

Multi-Zone  
Operations.

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

Incentives.

**9.** 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 from 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;

External  
Accounts.

**10.—(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, e.g. "*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.** A licensed bank in Nigeria FTZ is permitted to :

Permissible  
Activities.

(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 *per cent* of shareholders’ fund unimpaired by losses ;

(iii) grant foreign currency loans exceeding 10 *per cent* 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.—(i)** accepting foreign currency deposits from residents ;

Prohibited  
Activities.

(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* from 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.

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Contraven-  
tions and  
Penalties.

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

Resolution  
of Disputes.

**14.** 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.

Surrender  
and  
Revocation  
of Licence.

**15.—(a)** A bank operating in Nigeria's FTZ may voluntarily surrender its licence, and such bank intending to surrender its licence, shall seek the prior approval of the Bank through the Authority ;

(b) The grounds for revoking a licence granted to a bank in Nigeria's FTZ may be any or all of the following :

(i) submission of false information /data during and or after the application for licence ;

(ii) engaging in functions; activities outside the scope of its licence ;

(iii) persistent failure to comply with request for information or data in the manner specified by the Bank ;

(iv) 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

(v) if the operating licence 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.

Definition of  
Terms.

**16.—(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 (e.g. 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 Zones*” means — Export processing zones created under the Act.

(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

- Preamble.           **1.** In this Part 8 the following words are used in the place of the corresponding full terms set forth below :
- (a) *Employee* : Person who works in any capacity under the instructions of an Employer for Wages or a Salary.
- (b) *Employer* : LFZDC or a Free Zone Enterprise.
- (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.
- Application.       **2.** All Employers in the LFZ are subject to the provisions of this Part 8 of these Regulations save where a contract of employment has been submitted to the Authority/Zone Management for endorsement by such Employer where the provisions of such contract only shall apply.
- Responsibilities of the Authority/Zone Managements.   **3.—(a)** The Zone Management/Authority 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 Zone Management/Authority may obtain such guarantees as may be necessary for the performance of employer's undertakings *vis-à-vis* their Employees.
- (b) The Zone Management/Authority 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.
- Employee Welfare.   **4.** The Zone Management/Authority 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.
- Labour and Employment Services Office.           **5.** The Ministry of Labour and Productivity shall in collaboration with the Zone Management/Authority, establish a labour and Employment Service Office in the 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.
- Work Period.       **6.—(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 provides otherwise. In the event of unilateral termination of a contract by either party, the other party may claim damages through the board of settlement of disputes.

(c) The continuous nature of work shall not render permanent an employment contract for a determined period of time.

7.—(a) Employment contracts must contain the following provisions :

Employment  
Contracts.

(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 contracts shall be prepared in an appropriate number of copies, one of which shall be kept by the Employee, another by the Employer.

8.—(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.

Provisional  
Employment  
Contracts/  
Apprentice-  
ship.

(b) Apprenticeship contracts may only once been entered into between and Employee and an Employer for a specific job.

9.—(a) Employment contracts may be terminated for one of the causes set forth below :

(i) by the expiration of the period for which it was made ;

Termination  
of Contract  
of  
Employment.

- (ii) by the death of the worker before the expiration of the contract ;
- (iii) by total disability of the Employee;
- (iv) by the retirement of the Employee ;
- (v) by the completion of the contract for specific work ;
- (vi) 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 ;
- (vii) 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.

Modification  
in  
Employment  
Conditions.

**10.** 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 the Employees wages and/or impairment of his dignity, the Employee may lodge a complaint with the Authority and claim damages.

Prohibition  
of  
Employment  
of Under-  
aged  
Persons.

**11.** Employment of persons of less than 16 years of age is prohibited.

Working  
Hours.

**12.—(a)** An Employee's daily working hours shall be those fixed by mutual agreement and the employment contract in the Zone. However, they shall not exceed eight (8) hours per working day.

(b) Day shift work is work, which is performed from 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 partially 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.—(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, leave is postponed to another date and/or is not taken, benefits due shall be as previously agreed by the parties. Holidays.

(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 leave 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.

(e) In all 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 entitled to holiday of at least half a day per full month of service per annum.

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

**15.** The minimum wages in the Zones shall not be less than the minimum legal wages of the Customs Territory. Minimum Wage.

**16.** 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. Prohibition of Gender Discrimination in Amount of Wages.

**17.—(a) Board of Settlement of Disputes.**—All disputes between an Employee and on 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 may be referred by either party within ten (10) days to the Board of Settlement of Disputes. Resolution of Disputes.

(b) *Composition.*—The Board shall be composed of :

- (i) The Employer in question, or his/her fully authorized representative ;
- (ii) The Employee in question, or his/her fully authorized representative;

(iii) A representative of the Zone Management/Authority who 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 ten (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 forty five (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 fifteen (15) days salary to the Employee for each of service.

(f ) Every Employer in 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 Zone Management/Authority.

(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.

Nationality  
of  
Employees.

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

Work Permit  
for Foreign  
Nationals.

**19.—(a)** Work permits for foreign nationals shall be issued upon the request of the Zone Management/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 Zone Management/Authority and other agencies concerned with employment of foreign nationals of the termination of the employment contract.

Rendition of  
Returns.

**20.** Each Employer located in the 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.

Employment  
Benefits.

**21.—(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

Preamble.

**1.** 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.

For the purpose of this Part 9, the term “employed” used in Section 20 of the Act shall be deemed to include contractors or sub-contractors (or their respective employees) of an Approved Enterprise save that an application in respect of such contractor or sub-contractor (or its respective employees) may be made either by the contractor, sub-contractor or the Approved Enterprise.

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 where they are ECOWAS nationals, need entry visas prior to entry. Visas shall be obtained from Nigeria’s Missions abroad.

Types of  
Ordinary  
Visas.

- 2.** (a) Business Visa ;
- (b) Tourist Visa ;
- (c) Visitors Visa ;
- (d) Transit Visa ;
- (e) Temporary Work Permit (TWP) ;
- (f) Residence Visa.

Business/  
Tourist/  
Visitors  
Visa.

**3.—(a)** All foreigners, visiting 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.

Temporary  
Work Permit  
(Twp) Visa.

**4.—(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.—(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.

Residence –  
STR VISA.

(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.

On-arrival. **6.** 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.

On-entry. **7.** 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.

Regularisation of Stay. **8.** 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 STR (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 is not applicable for 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.** May be permitted subject to the following :

*(i)* formal application to NIS through the Authority/Zone Management requesting for change of employment and acceptance of immigration responsibilities ;

Change of  
Employment  
by Resident  
Expatriate  
already in  
Nigeria.

- (ii) letter of no objection from former employer ;
- (iii) letter of offer of employment from Free Zone Employer ;
- (iv) letter of acceptance of offer ;
- (v) board of Director's resolution (where applicable) ;
- (vi) resident permit with former employer ;
- (vii) approved residence with former employer ;
- (viii) 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.*

Residences.

**10.—(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.

Re-entry  
Visa.

**11.—(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.

Expatriate  
Quota.

**12.** All Approved Enterprises are exempted from Expatriate Quota.

Fees.

**13.** 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.—(a)** Access to the Zone is restricted and shall be subject to the presentation of a pass and such conditions as the Zone Management/Authority may reasonably stipulate from time to time in writing. **Access to Zones.**
- (b)** The Zone Management/Authority shall not unreasonably restrict access to LFZ by a Free Zone Enterprise, its officers, employees, agents, contractors or subcontractors.
- 2.** All incidents involving loss and material damage or physical injury must be reported to the Zone Management/Authority as soon as practicable after any such incident. **Reporting.**
- 3.** The factory owner shall be responsible for the beautification of the immediate surrounding of their factories. The Zone Management/Authority shall be responsible for general beautification of the Zone. **Aesthetics.**
- 4.** The Zone Management/Authority shall be responsible for the maintenance of such facilities such as : roads, drainage, street lighting, water supply line, sewage line, fire fighting etc. Extraordinary maintenance works executed by the Zone Management/Authority at the instance of the investor shall be paid for by the investor. **Maintenance of Facilities.**
- 5.—(a)** Approved enterprises 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. **Environmental Protection.**
- (b)** Waste management and pollution control plan shall be submitted to the Zone Management/Authority for approval before commencement of machine installation.
- (c)** The Zone Management/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.

**B 344****(d) Effluent Limitation Guidelines :**

<i>S/N.</i>	<i>Parameter</i>	<i>Limit for Discharge into Surface Water</i>	<i>Limit for Land Application</i>
1.	Temperature	>40o within 15m of outfall	> 40oC
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 <sub>2</sub> )	500	1,000
9.	Sulphide (as S <sub>2</sub> )	0.2	-
10.	Cyanide (as CN)	0.1	-
11.	Detergents (LAS)	15	15
12.	Oil and Grease	10	20(20)
13.	Nitrate (as NO <sub>3</sub> )	20	-
14.	Phosphate (PO <sub>4</sub> )	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 <sub>2</sub> )	200	-
32.	Magnesium (as Mg <sub>2</sub> )	200	-
33.	Boron (as B)	5	5
34.	Alkyl Mercury Compounds	Not detected	Not detected
35.	Polychlorinated Biphenyl PCBs)	0.003 0.003	0.003 0.003
36.	Pesticides (Total)	> 0.01	> 0.01
37.	Alpha emitters, uc/ml	107	-
38.	Beta emitters, uc/ml	104	-
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

1. 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 Zone Management/Authority.

Application  
for Land or  
Pre-built  
Factory  
Space.

2.—(a) On submission of the application, the Licensee may be required to pay to the Zone Management/Authority such deposit as the Zone Management/Authority may from time to time stipulate as consideration due for the lease being applied for.

Payment of  
Deposit for  
Lease of  
Land or Pre-  
built Factory.

(b) The Zone Management/Authority shall on receipt of application for land or built-up factory space duly acknowledge receipt of same and shall within seven (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 Zone Management/Authority refuses the application or fails to allocate land or built-up factory space within fourteen working days of receipt of the application or the applicant rejects the allocation within seven (7) days of the notification of the allocation the Zone Management/Authority shall forthwith refund the deposit paid without any deduction and without interest.

3.—(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 Enterprise occupies the space within three (3) months of the date of the execution of the agreement.

Forfeiture of  
Deposit for  
Lease.

(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 Zone Management/Authority without further ado and any further recourse to the Zone Management/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 or such other period as agreed by the Zone Management/Authority.

(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 dealt with in accordance with the relevant lease entered into with Zone Management/Authority.

**Building  
Permit.**

**4.—(a)** Applications for building permits 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 permits on such terms as it deems fit within four (4) working days of the receipt of the said application.

(b) Save as otherwise agreed by the Authority/Zone Management, the application shall be submitted together with two (2) copies of a building plan which may conform to the following :

(i) self designed factory buildings of one storey type or more,

(ii) the design shall conform to Nigerian Building standards for factories (where applicable),

(iii) area to be covered shall be between 50 *per cent*-70 *per cent* of the land leased,

(iv) buildings shall be at least twenty five (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 reasonably required by the Zone Management/Authority 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 Zone Management/Authority shall be in accordance with the terms and conditions of the approved building permit issued by the Authority.

**Compliance  
with  
Building  
Regulations.**

**5.—(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 reasonably adopted by the Zone Management/Authority from time to time.

(b) The Zone Management/Authority shall be notified before commencement of construction in order to check the setting-out of building(s).

(c) During construction, the Zone Management's/Authority's Engineers shall monitor construction activities with a view to ensuring quality and conformity with specifications.

**Commence-  
ment of  
Develop-  
ment.**

**6.—(a)** An Approved Enterprise that has secured a lease of land from the Zone Management/Authority shall commence development of its factory site within three months of the date of execution of the lease agreement.

(b) On application, the Zone Management/Authority may grant extensions on such terms and conditions as deemed fit.

**Failure to  
Commence  
Development  
within  
Stipulated  
Time.**

**7.—(a)** Where an Approved Enterprise fails to commence development of leased land within the specified periods (as extended in accordance with Regulation 6(b) above), the Zone Management/Authority may in accordance with and subject to the provisions set out in Regulation 21 of Part 5 of these Regulations deregister such Approved Enterprise.



(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 Regulation 6(b) above.

**8.—(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 (18) months of the date of execution of the lease agreement.

Commence-  
ment of  
Operations.

(ii) On application, the Zone Management/Authority may grant extensions 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 Zone Management/Authority shall commence operations in the Zone within six (6) months of the date of execution of the lease agreement.

(ii) On application, the Zone Management/Authority may grant an extension for a period not longer than three (3) months on such terms and conditions as deemed fit.

**9.—(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 (18) months after the execution of the lease agreement or such other extension as the Zone Management/Authority may grant, the Approved Enterprise may in accordance with and subject to the provisions set out in Regulation 21 of Part 5 of these Regulations be deregistered.

Failure to  
Commence  
Operation  
within  
Stipulated  
Time.

(b) Where an Approved Enterprise that has secured a lease of built-up factory space fails to commence operations in the Zone within six (6) months after the execution of the lease agreement or such other extension as the Zone Management/Authority may grant, the Approved Enterprise may in accordance with and subject to the provisions set out in Regulation 21 of Part 5 of these Regulations be deregistered forthwith without further ado and any recourse to the Zone Management/Authority.

**10.** 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 prevailing rates applicable within the LFZ. It is also at this stage that the waste management and pollution control plan is submitted for approval.

Application  
for Utility  
Inspection.

**11.—(a)** An Approved Enterprise shall prior to the commencement of operations apply to the Zone Management/Authority for a permit to commence operations. The Zone Management/Authority shall within seven (7) days of

Permit to  
Commence  
Operations.

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 a permit to commence operation if there exists 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 Zone Management/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 Zone Management/Authority for inspection and issuance of compliance certificate and the Zone Management/Authority shall within Seven (7) days of receipt of the invitation inspect and issue a certificate of compliance if there exists no breach on the part of the Approved Enterprise.

(d) The Zone Management/Authority shall act reasonably in conducting any inspections and determining compliance pursuant to this Regulation 11.

Alteration,  
Expansion  
and  
Demolition  
of Built-up  
Factory  
Space.

**12.—(a)** Investors 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.

(b) Alteration of a building under rent/lease can only be carried out with the prior approval of the Zone Management/Authority at the investor's cost such approval not to be unreasonably withheld or delayed. The cost of rent for serviced buildings depends on the type of serviced to be rendered.

Sub-Demise  
or Demise of  
Property.

**13.** No real property or any part thereof whether developed or not shall be subdemised or demised in any form in LFZ without the prior written approval of the Zone Management/Authority having been first sought and obtained, such approval not to be unreasonably withheld or delayed.

Ground Rent.

**14.** All investors in the LFZ shall be required to pay applicable ground rent at the prevailing rate to Zone Management calculated on monthly basis or as otherwise provided in the lease entered into between such investor and Zone Management.

Definition of  
Terms.

**15.** 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 or referred to in the third schedule to the Nigeria Export Processing Zones Act No. 63 of 1992.

*“Approved Enterprise”* means an entity licensed to undertake an Approved Activity in accordance with Section 10 of the Act ; and any reference to a Free Zone Enterprise shall have a like meaning.

*“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 its successors, transferees or assigns or any successor to the functions of such authority.

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

*“CBN”* means Central Bank of Nigeria.

*“Concession Agreement”* means the agreement entered into between the Authority and LFZDC dated 8 December 2006.

*“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 Free Zone 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 Zone Circular*” means notices or any periodic information delivered in writing to Free Zone Enterprises from the Authority or Zone Management relating to the proper administration of the Zone.

“*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.

“*FZE Register*” means the register for all Free Zone Enterprises registered in any Free Zone.

“*FZ Registry*” means the registry for Free Zone Enterprises established by the Authority.

“*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 entered into or to be entered into by the Applicant or Licence Holder as the case may be.

“*LFZ*” means the Lekki Free Zone established pursuant to the Act.

“*LFZDC*” means Lekki Free Zone Development Company FZC or its successors and assigns.

“*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"* means these regulations issued by the Authority pursuant to the 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.

*"Zone"* means LFZ.

*"Zone Management"* means (as applicable) LFZDC in respect of the area specified in the Concession Agreement or such entity to whom the Authority delegates responsibility for developing, managing and operating the LFZ (or part thereof).

MADE at Abuja this 26th day of March, 2010.

SINA A. AGBOLUAJE  
*Managing Director*  
*Nigeria Export Processing Zones Authority*