

1 Country: NIGERIA

2 Last Update: *29th June, 2006*

3 Version Number: 0.9

4 Links to general information

4.1 CIA:

<https://www.cia.gov/cia/publications/factbook/geos/ni.html>

4.2 Wikipedia:

<http://en.wikipedia.org/wiki/Nigeria>

5 eBusiness Viability

The following commentary is from The Economist Business Intelligence Unit:

“Although the civilian government has continued to emphasise the importance of information technology (IT)—and fairly quickly after coming to office in mid-1999 establishing a national information technology policy and the National Information Technology Development Agency—Nigeria still remains some distance behind many developing countries in terms of adopting IT. Moreover, despite some good ideas outlined in the policy document that are to be developed by the agency, such as the establishment of IT parks around the country, progress on the implementation of the national IT policy continues to be slow. The goal to make the country a key player in the information society by 2005 will not be met.

In its favour, however, Nigeria does have a strong entrepreneurial culture and a domestic IT industry is emerging in terms of both software and hardware. The country is still a large importer of IT hardware, and research and development (R&D) activities are limited, accounting for around 1% of GDP. Nigeria is ranked 55th by the Economist Intelligence Unit in its e-readiness rating of 60 countries. E-business in Nigeria faces serious obstacles, with an inadequate telecoms infrastructure, unreliable power supply and authorities that lack the means to push e-business forward. Some of these obstacles, such as the telecoms infrastructure, are slowly being addressed, but others will not be resolved for many years.

Nigeria’s telecoms infrastructure is operated by the government parastatal, Nitel, which is grossly inefficient. There is still a chronic shortage of telephones, notably fixed land lines, and making connections in the country is difficult (not only between land lines, but from mobile network to mobile network and between

mobiles and land lines). However, from this low base the Nigerian telecoms market has entered a phase of rapid expansion in the last few years, as market liberalisation has allowed new entrants into the market to challenge Nitel's monopoly position. In addition, following the failure to privatise the company, a three-year management contract for Nitel was awarded to a Dutch company, Pentascope International, in March 2003, which should lead to a steady improvement in its performance.

Nigerians have been slow to embrace Internet technology, partly because of prohibitive local subscription charges and the poor state of the local telephone system. However, the number of computer users has grown rapidly in recent years, from a very low base, reaching 7.1 computers per thousand people in 2002 according to World Bank data, which is about the average for Sub-Saharan Africa, excluding South Africa. The number of Internet users has also grown rapidly, to an estimated 420,000, with most people accessing the Internet via Internet cafes."

Useful web links

Econet Nigeria: www.econet-nigeria.com

Globacom (Nigeria): www.gloworld.com

MTN Nigeria: www.mtnonline.com

Nigerian Communications Commission: www.ncc.gov.ng

Nigeria Internet Group: www.nig.org.ng

Federal Ministry of Science and Technology: www.fmst.gov.ng

National Information Technology Development Agency: www.nitda.gov.ng

SOURCE: The Economist Intelligence Unit

6 General Information

Language:	English is the official language.
Currency:	Naira (N). 1 US\$ = 128.88 N
Local time:	GMT + 1.
Working hours:	Business Monday - Friday From 8H to 12H30 and from 14H to 16H

	<p>Commercial:</p> <p>Establishments: Monday - Friday From 8H to 13H30., Saturday From 8H to 16H30</p> <p>Government offices: Monday - Friday From 7H30 to 15H30 , Saturday From 8H30 to 13H (Some States)</p> <p>Banks: Monday From 8H to 15H , Tuesday - Friday From 8H to 13H30</p>
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6.1 Legal framework of trade relations:

Nigeria is member of the following international organizations:

World Trade Organization (W.T.O);
 United Nations Organization (UN) and its main specialized institutions ;
 Organization of the Islamic Conference (O.I.C);
 Economic Community of West-African States (E.C.O.W.A.S);
 Organization of Petroleum Exporting Countries (O.P.E.C);
 Organization of African Unity;
 Commonwealth.

Nigeria is signatory to numerous regional and international co-operation agreements particularly the C.E.D.E.A.O.

7 Market places (National Market places, 3rd party)

None identified at this time.

8 Document Format and Retention Policies

Commercial invoice: four to six copies of the special form of Nigerian invoice are required. The invoice must be signed by the manufacturer, supplier or by exporter. Company stamps and facsimile signatures are not acceptable on the original invoice. The invoice must contain the full name and address of the manufacturer, supplier or exporter, full name of business and street address of importer, the importer's order number, certificate of value by the manufacturer, supplier or exporter clearly indicating whether the exporter is the manufacturer or supplier of the goods and whether or not the exporter is any way connected with the importer, certificate of origin, specific description of the goods consigned, unit and total price of each type of goods on the invoice, cost of packing, freight and insurance, commissions, other charges and total price of all the goods on the

invoice indicating clearly the FOB and CIF prices. Metric units must be used to designate weights and measures.

Packing list: When the invoice does not show packing details, a packing list must be attached. The list should show the marks and the numbers, weight (gross and net), and a careful description of the goods. Due to space limitations on the commercial invoice, it is advisable to use a separate packing list for details when necessary.

Pro forma invoice: Four copies of a pro forma invoice are required for submission to the central bank for foreign exchange purposes. The pro forma invoice must show FOB price, freight, and all ancillary charges such as commission and the interests' charges separately.

Bill of lading: No special bill of lading form is required. Shipping marks and numbers on the bill of lading must correspond exactly with those of the invoices and on the goods.

A "notify address" at the port of entry should be given on the bill of lading or on the airway bill especially for goods entering via Lagos.

Exporters should check with their importers to determine whether an additional copy of the bill of lading is required for exchange control purposes.

The airway bill replaces the bill of lading on air cargo shipments.

Pre-shipment inspection: Imports to Nigeria, regardless of volume and whether containerized or non-containerized are subject to mandatory pre-shipment inspection to verify the price, the quantity and the quality of the merchandise. The physical inspection is intended to determine whether goods conform to contractual requirements. The Nigerian government will send a completed, modified Form M and a copy of the pro forma invoice to the inspection agency. Upon receipt of these documents, the inspection agency will contact the seller to request additional information about the shipment and to arrange for inspection of the goods, however the seller bears the ultimate responsibility for seeing that goods are inspected.

Shipping restrictions: The owner or agent of every ship intending to enter any Nigerian port is required to supply certain information concerning the ship and its movements to the Nigerian Port Authority at least two months before departure of the ship for Nigeria. Ships entering Nigerian ports are required to pay fifty percent of the customs duties payable on the cargo to be unloaded before they will be allowed to berth.

9 Document Types

Identify the documents commonly used in this country, and any known issues relating to electronic versions. Potential documents include

- *Invoice / Invoice Response*
- *PO / PO Change*
- *ASN*
- *EFT*
- *MSDS*
- *Others?*

10 Currency +/-or Conversion

The local currency is the NAIRA (₦), which is not widely used in the oil and gas industry. Typically the US Dollar is used for such transactions.

Legal requirements for invoicing and the payment currency depend on the terms of the contract. For instance, in the case of contracts that have offshore and onshore components, the invoice on the former can be issued in foreign currency while the invoice on the latter can be issued in local currency. There are also instances where invoices are issued in foreign currency and there is mutual agreement between the parties to pay in local currency at an agreed exchange rate.

Import payments must be made in cash or by letter of credit.

Nigerian customs use the Harmonized Commodity Description and Coding System (HS) for tariff classification purposes.

11 Taxation

Currently, all tax returns must be filed on paper. Paper Hard copies of accounting records are supposed to be retained for a period of not less than 7 (seven) years after they become statute barred and cannot be examined by the Tax Authority, except in the cases fraud.

Buyers withhold tax on supplier invoices at applicable rates (between 5 – 10%). Buyers do not issue tax certificates. The tax withheld is remitted to the Tax Authority and a TAX CREDIT NOTE issued in favour of the seller is obtained by the buyer and forwarded to the seller. The tax withheld is supposed to be remitted in the currency of the contract within 30 days of payment or recognition of credit (whichever occurs first).

There are three tax authorities, namely Federal, State and a Local Authority each of which collects one form of taxation. All taxes due from corporate bodies are collected by the Federal Tax Authority, with the exception of Pay As You Earn, which is deducted from an employee's salary and remitted to the State Tax Authority where the employee resides.

Most items are taxable (VAT) with the exception of few items such as medical and pharmaceutical products, basic food items, books and educational materials, baby products, fertilizer and locally produced agricultural materials, imported agricultural materials and medial services.

The VAT identification number must be displayed on each invoice. The VAT rate is 5% this must be computed separately on the invoice total value.

VAT is filed is one month in arrears and net payment due must also be remitted in the currency of the contract

In the oil and gas industry, VAT is deducted by the buyer (just like withholding tax) and remitted to the government on behalf of the seller. In this instance, the buyer will issue a Tax statement to the buyer (invoice by invoice) confirming the VAT withheld.

12 Local Practices

None identified at this time.

13 Signatures

In certain instances, e.g. the signing of documents for government transactions, and completion of forms, signatures are required to be appended in ink. Additionally, inked signatures are required on signed Financial Statements.