**NAME: TOLUSE TOLULOPE**

**MATRIC: 15/ENG07/044**

**DEPT: CHEMICAL ENG**

**TEST Q.2**

An overview on issues of the Nigerian legal system and its effects on eingeering industries.

What are the key recent developments affecting doing business in your jurisdiction?

**Competition**

The Federal Competition and Consumer Protection Act (FCCPA) was enacted on 30 January 2019. The FCCPA repealed the Consumer Protection Act and the provisions of the Investment and Securities Act relating to merger control and established the Federal Competition and Consumer Protection Commission (FCCPC). The FCCPC is now vested with the powers to approve and regulate mergers which include amalgamations, business combinations and joint

ventures.

**Company Law and Administration**

As of March 2020, both houses of the Ninth National Assembly had passed the Companies and Allied Matters Bill 2019 (Bill). The Bill contains several innovative provisions in the context of

Nigerian company law. The Bill requires the assent of the President before it can be passed into law. If passed in its current form, the Bill will allow viable businesses to thrive, while also ensuring that non-viable businesses can properly exit the market. Some of the highlights of the

Bill include:

**Single-member and director companies.**

Under the Bill, smallcompanies can have a singleshareholder and director.

**Netting.**

A novel initiative of the Bill is the introduction of close-out netting provisions as a means of

promoting financial stability and investor confidence in Nigeria.

**Company rescue procedures.**

The Bill seeks to introduce company voluntary arrangements and administration into Nigerian

company law to create a framework for company rescue and an efficient exit for non-viable businesses.

**Taxation**

On 13 January 2020, the 2019 Finance Bill was signed into law. The objectives of the new Finance Act are: To promote fiscal equity by mitigating instances of regressive taxation.

To support small businesses in line with the ongoing Ease of Doing Business Reforms.

To increase government revenue by various fiscal measures, including an increase in the rate of Value Added Tax (VAT) from 5% to 7.5%.Significant changes introduced by the Finance Act include:

**Companies Income Tax (CIT).** The Finance Act expands the basis for taxing non-resident companies (NRCs) by including activities of a digital nature by a company that has significant economic presence (SEP) in Nigeria. This means that income earned by NRCs from digital services and services provided remotely to Nigerian residents will be subject to tax provided that the volume or level of such activities constitutes SEP in Nigeria. The Finance Act does not

state what constitutes SEP but gives the Minister of Finance the power to determine this by an executive order. Although this is yet to be done, it is likely that the Minister will be guided

by the OECD's recommendations in the Base Erosion and Profit Shifting (BEPS) Project Action 1. The Finance Act reduces the rate of CIT payable by companies classified as small and medium companies, and also removes the requirement for ministerial approval for expenses incurred in relation to management services between non-related parties before such expenses could be taxdeductible. The definitions of "dividend" and "interest" have been expanded by the Finance Act to include compensating payments received by a lender (or borrower) from its approved agent or a borrower (or lender) in a regulated securities lending transaction (RSLT), if the underlying transaction giving rise to the compensating payment is a receipt of dividend or interest by a borrower or lender respectively, on any shares or securities or in the case

of interest, collateral received from its approved agent or a lender in a RSLT.

**Banking**

The following guidelines and directives were issued by the Central Bank of Nigeria (CBN) in 2019: A revised Guide to Charges by Banks, Other Financial and Non-Bank Financial Institutions on 20 December 2019 (effective from 1 January 2020) which provides a basis for the application of charges on various products and services offered by banks and other regulated institutions.