



Trade Newsletter

Federal Government releases 2016 Fiscal Policy Measures

The Federal Government of Nigeria (FGN) has approved and ordered the immediate implementation of the 2016 fiscal policy measures (FPM). This was recently communicated by the Minister of Finance.

Highlights of the 2016 FPM are as follows:

- It contains an import adjustment tax (IAT) list^{1a} of one hundred and seventy
- The effective date for implementation is 17 October 2016. However, for goods that were already cleared
- three (173) items (down by four (4) items from the 2015 version); a national list^{1b} of ninety one items, up by seven items compared with the 2015 version; and an import prohibition list of twenty three items, down by two items from the 2015 version;
- from the Nigerian ports before the FPM were approved, one would not expect a retrospective application;
- The IAT list reduces the tariff of twenty six items and increases the tariff of four items – specifically pharmaceutical products – when compared to the 2015 version. One hundred and

1a. These are items that have been levied additional taxes in addition to the duties prescribed by Common External Tariffs (CET)

1b. These are items that have been granted duty rebates relative to CET

Category	2015 FPM (No. of items)	2016 FPM		Total
		Additions	Deductions	
Import adjustment tax list	177	4 ²	8 ³	173
National list	84	7 ⁴	-	91
Import prohibition list	25	-	2	23

forty three items remain unchanged

- The national list shows that the tariff on eighty nine items have been reviewed downwards. The tariffs of the remaining two items i.e. articles for packaging of goods, articles of plastic and other related commodities as stated in relevant tariff headings, remain unchanged;
- In total, the FPM reduces the tariff on one hundred and twenty-three items and increases the tariff on only four items, relative to the position just before it was approved. Please refer to the appendices below for a specific list of items with modified tariffs.

FPMs have been regularly used by the government to influence trade activities in the country such as – promoting the activities of certain industries, curbing the excess demand for certain products and improving the supply of essential products.

A careful review of the 2016 FPM reveals its overarching objective, which is to protect the local pharmaceutical industry, stimulate local production across all industries and cushion the effect of the recession on consumers. For instance:

- Machinery and equipment used in the aviation, agricultural, solid mineral, cement, hospitality, power, textile and iron and steel (cold rolled) industries were reduced from a tariff of five to zero percent. This move appears to be aimed at improving the level of investment in these industries;
- Tariff on tobacco and alcoholic products were surprisingly given a ten percent boost, perhaps in a bid not to stifle the industry in the current recession;
- Tariff on some finished consumer goods as well as raw materials and semi-finished goods used in building construction and manufacture of consumer products – especially food items – were given a boost. The reasoning here may have

been to cushion the effect of the recession on local consumption of essential products;

- Tariffs on new automobiles with a 1.0 – 1.5 liter engine capacity, were given a twenty percent tariff reduction, down from seventy percent in the 2015 version. This may have been driven by the rapid increase in the cost of automobiles and the need to make automobiles affordable to the public;
- Removal of sanitary wares and furniture from the import prohibition list. The policy thrust here appears similar to that of the tariff reduction on materials for building construction.

The announcement of the 2016 FPM brought about some confusion in the public, particularly whether the modifications were largely increases or reductions in tariff. A review of the 2016 FPM shows a general policy thrust to reduce tariffs across several commodities. Interestingly, based on the current CET, it appears some of the affected commodities are already using the modified rates.

Following approval of the FPM, there is need for businesses to evaluate their supply chain to see if there are accruable benefits. Perhaps, there may be need for restructuring where practicable.

2 CET Codes: 3004.20.00.00, 3004.40.00.00, 3004.50.00.00, 3004.90.10.00.

3 CET Codes: 4803.00.00.00, 7308.40.00.00, 7308.90.10.00, 7308.90.99.00, 8504.21.00.00, 8504.22.00.00, 8504.33.00.00, 8528.72.90.00.

4 CET Codes: 0305.59.00.00, 4822.10.00.00, 5501.20.00.00, 5503.20.00.00, 5506.20.00.00, 7321.11.11.00, 7321.11.91.00.

Appendix I

Import Adjustment Tax - List of commodities with modified tariffs

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
1.	- Containing other antibiotics	3004.20.00.00	-	20	+20
2.	- Containing alkaloids or derivatives thereof but not containing hormones, other products of heading 29.37 or antibiotics	3004.40.00.00	-	20	+20
3.	- Other medicaments containing vitamins or other products of heading 29.36	3004.50.00.00	-	20	+20
4.	- Anti-malarial	3004.90.10.00	-	20	+20
5.	Equipment for scaffolding, shuttering, propping or pit propping of iron and steel	7308.40.00.00	20	5	-15
6.	Poles with or without lighting fittings of a height not exceeding 8 meters	7308.90.10.00	20	5	-15
7.	Other	7308.90.99.00	20	5	-15
8.	Liquid dielectric transformers, static converters (for example, rectifiers) and inductors. –Having a power handling capacity not exceeding 650kVA	8504.21.00.00	25	5	-20
9.	Having a power handling capacity exceeding 650kVA but not exceeding 5,000kVA	8504.22.00.00	25	5	-20
10.	Having a power handling capacity exceeding 16kVA but not exceeding 500kVA	8504.33.00.00	40	5	-35
11.	Monitors and projectors, not incorporating television reception apparatus; reception apparatus for television, whether or not incorporating radio-broadcast receivers or sound or video recording or reproducing apparatus – Other	8528.72.90.00	35	20	-15

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
12.	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface colored, surface decorated or printed, in rolls or sheet	4803.00.00.00	20	5	-15
13.	Husked brown rice (Millers- BIP)	1006.20.00.00	70	30	-40
14.	Rice: In packing of more than 5 kg or in bulk	1006.30.10.00	70	60	-10
15.	In packing of 5kg or less	1006.30.90.00	70	60	-10
16.	Broken rice	1006.40.00.00	70	60	-10
17.	Beverages, spirits and vinegar: sparkling wine	2204.10.00.00	70	60	-10
18.	In containers holding 21 or less	2204.21.00.00	70	60	-10
19.	Other	2204.29.90.00	70	60	-10
20.	Other grape must	2204.30.00.00	70	60	-10
21.	In containers holding 21 or less	2205.10.00.00	70	60	-10
22.	Other	2205.90.00.00	70	60	-10
23.	Brandy	2208.20.10.00	70	60	-10
24.	Other	2208.20.90.00	70	60	-10
25.	Whiskies	2208.30.00.00	70	60	-10
26.	Rum and other spirit obtained by distilling fermented sugar-cane products	2208.40.00.00	70	60	-10
27.	Gin and Geneva	2208.50.00.00	70	60	-10

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
28.	Vodka	2208.60.00.00	70	60	-10
29.	Liqueurs and cordials	2208.70.00.00	70	60	-10
30.	Other	2208.90.00.00	70	60	-10
31.	Tobacco: Cigar, cheroots and cigarillos containing tobacco	2402.10.00.00	70	60	-10
32.	Cigarette containing tobacco	2402.20.00.00	70	60	-10
33.	Other	2402.90.00.00	70	60	-10
34.	"Homogenized" or "reconstituted" tobacco	2403.91.00.00	70	60	-10
35.	Other	2403.99.90.00	70	60	-10
36.	Envelopes	4817.10.00.00	50	40	-10
37.	Registers, account books, note books, order books receipt books, letter pads, memorandum pads, diaries and similar articles	4820.10.00.00	40	30	-10
38.	Motor vehicle: Other including fully built units - of a cylinder capacity exceeding 1000cc but not exceeding 1500cc. New passenger motor vehicle -Four wheel drive vehicle	8703.21.19.00	70	50	-20

Appendix II

National list - List of commodities with modified tariffs

S/N	Item description	Commodity classification code	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
1.	Fish Heads for feed production	0305.59.00.00	20	10	-10
2.	Milk and cream, concentrated or containing added sugar or other sweetening matter : Other	0402.10.29.00	10	5	-5
3.	Other	0402.21.29.00	10	5	-5
4.	Other	0402.29.29.00	10	5	-5
5.	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream , whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nut or cocoa : in powder form	0403.90.91.00	10	5	-5
6.	Whey, whether or not concentrated or containing added sugar or other sweetening matter; product consisting of natural milk constituents: Other	0404.90.00.00	10	5	-5
7.	Tea whether or not flavoured: Other black tea (fermented) and partly fermented tea.	0902.40.00.00	10	5	-5
8.	Fats of bovine animals, sheep or goats, other than those of heading 15.03: Tallow	1502.10.00.00	10	5	-5
9.	Other	1502.90.00.00	10	5	-5
10.	Malt Extract: Malted beverage powder/liquid in bulk not less than 25kg	1901.90.40.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
11.	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid: Triple concentrate and other	2002.90.11.00 & 2002.90.19.00	10	5	-5
12.	Food preparations not elsewhere specified or included: Stock powder	2106.90.91.00	10	5	-5
13.	Other	2106.90.99.00	10	5	-5
14.	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% volume: For medical, pharmaceutical or scientific purposes	2207.10.10.00	10	5	-5
15.	Ethyl alcohol and other spirits, denatured, of any strength	2207.10.20.00	10	5	-5
16.	Petroleum oils and oils obtained from bituminous minerals, other than crude: Meant to be mixed further	2710.1931.00	10	5	-5
17.	Other	2710.99.00.00	10	5	-5
18.	Hypochlorites; commercial calcium hypochlorites; chlorites; hypobromites – Other	2828.90.90.00	10	5	-5
19.	Synthetic organic colouring matter, whether or not chemically defined: Pigments and preparations based thereon	3204.17.00.00	10	5	-5
20.	Prepared driers	3211.00.00.00	10	5	-5
21.	Pigments (including metallic powders and flakes) dispersed in non- aqueous media: Stamping foils	3212.10.00.00	10	5	-5
22.	Other	3212.90.00.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
23.	Mixtures of odoriferous substances and mixtures (including alcoholic solutions) with a basis of one or more of these substances, of a kind used as raw materials in industry; other preparations based on odoriferous substances, of a kind used for the manufacture of beverages. Of a kind used in food or drink industry	3302.10.00.00	10	5	-5
24.	Of kind used in other industries	3302.90.90.00	10	5	-5
25.	Lubricating preparations (including cutting-oil preparations, bolt or nut release preparations, anti-rust or anti-corrosion preparations and mould release preparations, based on lubricants) and preparations of a kind used for the oil or grease treatment of textile materials, leather, fur skins or other materials, but excluding preparations containing, as basic constituents, 70% or more by weight of petroleum oils or oils obtained from bituminous minerals: Other	3403.19.00.00	10	5	-5
26.	Prepared glues and other prepared adhesives, not elsewhere specified or included: Adhesives based on polymers of headings 39.01 to 39.13 or on rubber	3506.91.00.00	10	5	-5
27.	Other	3506.99.00.00	10	5	-5
28.	Enzymes; prepared enzymes not elsewhere specified or included – Other	3507.90.00.00	10	5	-5
29.	Photographic plate and films in the flat, sensitised, unexposed, of any material other than paper: Other plates and film, with any side exceeding 255mm	3701.30.00.00	10	5	-5
30.	Chemical preparation for photographic uses (other than varnishes, glues, adhesives, and similar preparations): Other	3707.9000.00	10	5	-5
31.	Activated carbon; activated natural mineral products; animal black, including spent animal black: Other	3802.90.00.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
32.	Picking preparation for metal surface; fluxes and other auxiliary: Pickling preparations for metal surfaces, soldering, braising or welding powders	3810.10.00.00	10	5	-5
33.	Organic composite solvents and thinners, not elsewhere specified or included, prepared paint or vanish remover: containing methane, ethane or propane chlorofluorocarbons (CFCs)	3814.00.00.00	10	5	-5
34.	Mixed alkylbenzenes and mixed alkylnaphthalenes, other than those of heading 27.07 or 29.02	3817.00.00.00	10	5	-5
35.	Industrial monocarboxylic fatty acids; acid oils from refining: other	3823.19.00.00	10	5	-5
36.	Prepared binders for foundry moulds or cores: sorbitol other than that of subheading 2905.44	3824.60.00.00	10	5	-5
37.	Other	3824.90.99.00	10	5	-5
38.	Poly (ethylene terephthalate) Amorphous PET Chips	3907.60.00.00	10	0	-10
39.	Tubes, pipes, and hoses, and fittings thereof of plastics: Artificial guts (sausage casings) of hardened protein of cellulosic materials	3917.10.00.00	10	5	-5
40.	Self - adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in roils: Other	3919.90.00.00	10	5	-5
41.	Plates, sheets, film, foil, tape, strip of plastics, non-cellular and not reinforced, laminated, support of similarly combined with other materials: Other of Polycarbonates	3920.61.00.00	10	5	-5
42.	Of poly (ethylene terephthalate) in Jumbo rolls	3920.62.00.00	10	5	-5
43.	Of other polyesters	3920.69.00.00	10	5	-5
44.	Of poly (vinyl butyural)	3920.91.00.00	10	5	-5
45.	Of other plastics	3920.99.00.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
46.	Other	4016.99.00.00	10	5	-5
47.	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface colored, surface decorated or printed, in rolls or sheet: Jumbo Roll	4803.00.00.00	10	5	-5
48.	Paper and paperboard, coated on one or both sides with kaolin or other inorganic substances, with or without a binder: other	4810.99.90.00	10	5	-5
49.	Paper, paperboard, cellulose wadding and webs of cellulose fibres, coated, impregnated, covered, surface- coloured, surface-decorated or printed, in rolls of rectangular (including square) sheets, of any size, other than goods of the kind described in heading 48.03,48.09 or 48.10 - In rolls of a width not exceeding 150mm or in the rectangular (including square) sheets, with one side not exceeding 435mm and the other side not exceeding 297mm in the unfolded state (excluding floor covering)	4811.59.10.00	10	5	-5
50.	Other	4811.59.90.00	10	5	-5
51.	Of a kind used for winding textile yarn	4822.10.00.00	10	5	-5
52.	Other Paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other articles of paper pulp, paper, paperboard, cellulose wadding or webbs of cellulose fibres: Filter paper and paper board	4823.20.00.00	10	5	-5
53.	Synthetic filament tow: -Of polyesters	5501.20.00.00	10	5	-5
54.	Synthetic filament tow: -Of polyesters	5503.20.00.00	10	5	-5
55.	Synthetic filament tow: -Of polyesters	5506.20.00.00	10	5	-5
56.	Yarn of jute or of other textile bast fibres of heading 53.03: Multiple (folded) or cabled	5307.20.00.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
57.	Artificial filament yarn (other than sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex: of cellulose acetate	5403.33.00.00	10	5	-5
58.	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04: Polypropylene fabrics, of the type used as carpet backing	5407.20.10.00	10	5	-5
59.	Synthetic filament tow: Acrylic or modacrylic	5501.30.00.00	10	5	-5
60.	Synthetic staple fibres, not carded, combed or otherwise processed for spinning: acrylic or Modacrylic	5503.30.00.00	10	5	-5
61.	Synthetic staple fibres, not carded, combed or otherwise processed for spinning: acrylic or Modacrylic	5506.30.00.00	10	5	-5
62.	Other	5506.90.00.00	10	5	-5
63.	Yarn (other than sewing thread) of synthetic staples fibres, not put up for retails sale: Single yarn	5509.21.00.00	10	5	-5
64.	Gauze, other than narrow fabrics of heading 58.06: Polypropylene of the type used as carpet backing	5803.00.10.00	10	5	-5
65.	Articles of cement , of concrete or of artificial stone, whether or not reinforced: Other	6810.19.00.00	10	5	-5
66.	Semi - finished products of iron or non-alloy steel - Of rectangular (including square) cross-section, the width measuring less than twice the thickness	7207.11.00.00	5	0	-5
67.	Other	7207.19.00.00	5	0	-5
68.	Flat-rolled products of iron or non-alloy steel, of a width of 600mm or more, hot-rolled, not clad, plated or coated	72.08	5	0	-5
69.	Wire of iron or non - alloy steel: Of a diameter not exceeding 5.5mm	7217.20.10.00	10	5	-5

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
70.	Stranded wire, ropes, cables, plaited bands, slings and the like, of iron or steel, not electrically insulated: Other galvanized steel cables for electricity	7312.10.91.00	10	5	-5
71.	Screws, bolts, nuts, coach screw, screw hooks, rivets, cotters, cotter-pins, washers and similar articles, of iron or steel: Other screws and bolts, whether or not with their nuts or washers	7318.15.00.00	20	10	-10
72.	Rivets	7318.23.00.00	20	10	-10
73.	Presented completely knocked down(CKD) or unassembled for the assembly industry	7321.11.11.00	10	5	-5
74.	Presented completely knocked down(CKD) or unassembled for the assembly industry	7321.11.91.00	10	5	-5
75.	Other articles of iron or steel: Other	7326.19.00.00	20	10	-10
76.	Copper Wire: other	7408.19.00.00	20	5	-15
77.	Unwrought aluminum: aluminum not alloyed	7601.10.00.00	5	0	-5
78.	Aluminum alloyed	7601.20.00.00	5	0	-5
79.	Aluminum waste and scrap	7602.00.00.00	5	0	-5
80.	Aluminum foil of a thickness (including backing) not exceeding 0.2 mm: Printed	7607.20.10.00	10	5	-5
81.	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporation a fan, whether or not fitted with filters: Other	8414.80.90.00	10	5	-5
82.	Electronic instantaneous or storage water heaters and immersion heaters: CKD Cookers	8516.60.10.00	20	5	-15
83.	Electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits: Fuses	8536.10.00.00	20	10	-10
84.	Automatic circuit breaker	8536.20.00.00	20	10	-10
85.	other switches	8536.50.00.00	20	10	-10

S/N	Item description	Commodity classification codes	Old tariffs 2015 FPM (%)	New tariffs 2016 FPM (%)	Difference (%)
86.	Lamp holders	8536.61.00.00	20	10	-10
87.	Other apparatus	8536.90.00.00	20	10	-10
88.	Other breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters	9020.00.00.00	5	0	-5
89.	Machineries and Equipment of Chapters, 84, 85 & 90 of the CET for Agriculture, Cement, Hospitality, Power, Iron & Steel (Cold-Rolled), Solid Minerals and Textile Industries and Aviation of Chapter 88	Chapters 84, 85 & 90	5	0	-5

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