

**VALUE ADDED TAX
(CAP. VI LFN 2004)**

VALUE ADDED TAX ACT (MODIFICATION) ORDER, 2018

In exercise of the powers conferred upon me by Section 38 of the Value Added Tax Act, Cap. VI, Laws of the Federation of Nigeria, 2004 and all other powers enabling me in that behalf, I, Mrs. Kemi Adeosun, Honourable Minister of Finance, Federal Republic of Nigeria, in order to enable the operators in the power sector value chain comply with the provisions of the VAT Act and to provide a special dispensation window for the sector hereby make the following Orders:

- i. That all capital items shall have the input VAT on them capitalized;
- ii. Gas supplies to the Generating Companies (GENCOs) and bulk power purchased by Nigeria Bulk Electricity Trading (NBET) Company shall be exempted from VAT;
- iii. Part 1 of the First Schedule to the Value Added Tax Act is modified to exempt from VAT collection as follows:
 - a. Supply of gas by Gas producing companies to Generating Companies (GENCOs)
 - b. Electricity generated by GENCOs and supplied to National Grid/ Nigeria Bulk Electricity Trading (NBET) Company
 - c. Electricity transmitted by Transmission Company of Nigeria (TCN) to Distribution Companies (DISCOs)
- iv. The above exemptions are to provide for a single point of VAT collection at the end of the entire value chain when DISCOs sell power to final consumers inclusive of 5% VAT for cash.

MADE at Abuja this 1st day of March 2018.

Mrs. Kemi Adeosun
Honourable Minister of Finance
Federal Republic of Nigeria

EXPLANATORY NOTE

(This note does not form part of this order but is intended to explain its purport)

This order seeks to modify the Value Added Tax Act by providing a special dispensation for the exemption of companies operating within the Power sector value chain from Value Added Tax on Gas and Bulk Electricity invoiced up to DISCO level, and to ensure VAT is only collected at a single point where DISCOs sell power to consumers at total cost of the value chain plus 5% VAT