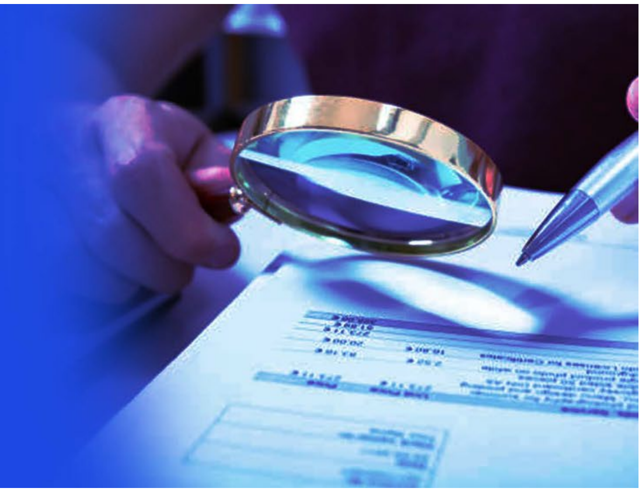
Tax Alert



NIPC Announces Cessation of Pioneer Status Incentive Applications: Transition to the New Economic Development Tax Incentive (EDTI) Scheme

The Nigerian Investment Promotion Commission (NIPC) issued a public notice announcing that it will cease accepting applications for the Pioneer Status Incentive (PSI) effective **Monday, November 10, 2025** in preparation for the transition to the Economic Development Tax Incentive (EDTI) scheme, which takes effect on **1 January 2026**. Accordingly, the NIPC has advised that companies seeking to benefit from the PSI should submit their application **on** or **before** Monday, November 10, 2025.

The Commission further recommends that both existing PSI beneficiaries and potential applicants under the EDTI scheme engage with the NIPC to ensure a seamless transition and compliance with the forthcoming EDTI requirements.

Transition to the EDTI Scheme

The Nigeria Tax Act (NTA) repeals the Industrial Development (Income Tax Relief) Act (IDA) and replaces the Pioneer Status Incentive (PSI) with the EDTI scheme. The scheme introduces a targeted incentive aimed at stimulating capital investment in defined priority sectors.

Importantly, based on the transition arrangements in the NTA, companies that have been granted PSI pursuant to the IDA will continue to enjoy the reliefs applicable under the IDA for its unexpired tax relief period. This means that the ongoing PSI benefits for existing PSI beneficiaries will not be terminated (subject to applicable conditions) with the introduction of the EDTI, thereby safeguarding investor confidence and ensuring policy stability during the transition period.

Key Highlights of the EDTI Scheme

The EDTI scheme is expected to align tax incentives with Nigeria's evolving economic development priorities and measure impact across the designated 51 priority sub-sectors. To qualify for the incentive, the Qualifying Capital Expenditure (QCE) to be incurred by the company must meet the minimum investment threshold outlined for the respective sub-sectors.

Eligible companies, upon approval, are entitled to an Economic Development Tax Credit (EDTC) of 5% per annum on each eligible QCE acquired during the 5-year incentive period. EDTC can be used to offset the tax payable for any year of assessment during the priority period, excluding Effective Tax Rate adjustments. Unused EDTC can be carried forward for a maximum of an additional 5 years. The EDTI can be extended for an additional 5-year period subject to conditions.

The introduction of the EDTC marks a fundamental change in how the PSI scheme is structured. This pivot reflects a move towards a performance-based incentive model linked to capital investment and economic activity.

Businesses and investors are encouraged to monitor developments, and seek guidance from professional tax advisers where necessary.

Please see the **link** to the NIPC's public notice.

For further enquiries, please contact:

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