



HOUSE OF REPRESENTATIVES FEDERAL REPUBLIC OF NIGERIA

VOTES AND PROCEEDINGS

Thursday, 17 August, 2006

1. The House met at 11.08 a.m. Mr Speaker read Prayers.
2. **Votes and Proceedings:**
Mr Speaker announced that he had examined and approved the Votes and Proceedings of Wednesday, 16 August, 2006.

By unanimous consent, the Votes and Proceedings was adopted.
3. Announcements:
Visitors:
Mr Speaker recognized the presence in the Gallery, of —

(0) Legislators from Jos East Local Government Area Council of Plateau State, at the instance of Hon. Gabriel Y. Bwan Fom;

(ii) Members of the National Association of Mathematics Students of Nigeria, Delta State Chapter, Abraka, Delta State.
4. **Petition:**
A Petition was received and referred to the Committee on Public Petitions:

Hon. Mba Ajah, from His Royal Majesty, Eze Thomas Awuchare, praying the House to investigate the alleged atrocities of Hon. Emmanuel Ukwu Rock, Commissioner of Agriculture, Abia State in Ndielu Ugwueke Autonomous Community, Bende Local Government, Abia State with a view to rehabilitating the inhabitants of the Community and restoring their fundamental human rights.
5. **Presentation of Reports:**
(i) *Special Ad -Hoc Committee on Due process:*
Motion made and Question proposed, "That this House do receive the Report of the Special Ad-Hoc Committee on Due Process on a Bill for an Act to Provide for the Establishment of the National Council on Public Procurement; the Bureau of Public Procurement as the Regulatory Authority Responsible for the Monitoring and Oversight of Public Procurement; and Harmonize Existing Government Policies and Practices by Regulating, Setting Standards and Developing the Legal Framework and professional capacity for Public Procurement in Nigeria and for Other Related Purposes, 2004 (HB. 140)" {Hon. Bala Ibn Na'Allah}.

Question put and agreed to. Report

Laid.

(ii) *Committee on Public Petitions:*

Report on the Petition by Mr Ayodele Ojo:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Ayodele Ojo against the Ministry of Women Affairs" (Hon. ChidiDuru).

Question put and agreed to.

Report Laid.

(iii) *Committee on Public Petitions:*

Report on the Petition by Mr Olatunbosun Odu:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Olatunbosun Odu against Oceanic Bank Nigeria Plc" (Hon. Chidi Duru).

Question put and agreed to.

Report Laid.

(iv) *Committee on Public Petitions:*

Report on the Petition by Mrs C. O. Ogunbunmi:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mrs CO. Ogunbunmi against the National Bureau of Statistics (NBS) (Hon. ChidiDuru).

Question put and agreed to.

Report Laid.

(v) *Committee on Public Petitions:*

Report on the Petition by Mr Elisha Chung:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Elisha Chung against the Nigeria Police Force" (Hon. ChidiDuru).

Question put and agreed to.

Report Laid.

(vi) *Committee on Public Petitions:*

Report on the Petition by Mr Bassey Johnson:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Bassey Johnson against the Nigeria Police Force" (Hon. Chidi Duru).

Question put and agreed to.

Report Laid.

(vii) *Committee on Public Petitions:*

Report on the Petition by Mr Yekini Abiodun:

Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Yekini Abiodun against the Nigeria Prisons Service" (Hon. ChidiDuru).

Question put and agreed to.

Report Laid.

(viii) *Committee on Public Petitions:*

Report on the Petition by Mr Maurice Obi:

Motion made and Question propose, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mr Maurice Obi against the Nigeria Police Force" (Hon. Chidi Duru).

Question put and agreed to.

Report Laid.

- (ix) *Committee on Public Petitions:*
 Report on the Petition by Ex- Sgt Vallang Mashi:
Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Ex-Sgt Vallang Mashi against the Nigeria Police Force" (*Hon. ChidiDuru*).

Question put and agreed to.

Report Laid.

- (x) *Committee on Public Petitions:*
 Report on the Petition by Mallam Mohammed Ibrahim:
Motion made and Question proposed, "That this House do receive the Report of the House Committee on Public Petitions on the Petition by Mallam Mohammed Ibrahim against the Nigeria Telecommunications Limited (NITEL)" (*Hon. Chidi Duru*).

Question put and agreed to.

Report Laid.

6. A Bill for an Act to Provide for the Establishment of the Chartered Institute of Export of Nigeria and for Matters Connected Therewith, 2006 (HB. 227) — *Second Reading:*

Order read; deferred.

7. Consideration of Report:
 (i) *Committee on Petroleum Resources:*
Motion made and Question proposed, "That this House do consider the Report of the House Committee on Petroleum Resources on a Bill for an Act to Make Provisions for Regulations and Fiscal Incentives in Connection with Petroleum Operation Carried out by Indigenous Oil Companies, 2005 and approved the Recommendations therein" (*Hon. Cairo! Ojuogboh*).

Question put and agreed to.

Question that the House do resolve into the Committee of Whole to consider the said Report, put and agreed to.

(HOUSE IN COMMITTEE)

(*Mr Deputy Speaker in the Chair*)

A BILL FOR AN ACT TO MAKE PROVISIONS FOR REGULATIONS AND FISCAL INCENTIVES IN CONNECTION WITH PETROLEUM OPERATIONS CARRIED OUT BY INDIGENOUS OIL COMPANIES

Committee Recommendation:

- Clause 1: Application of the Act.
 Notwithstanding anything to the contrary contained in any other enactment or law, the provisions of this Bill shall apply to Oil Prospecting Licenses, Oil Mining Leases held, whether before or after the Commencement date of this Bill, by Indigenous Oil Companies and to Petroleum operations pursuant to such licenses or leases (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 1 stand part of the Bill, put and agreed to.

GENERAL TERMS

Committee Recommendation:

- Clause 2: Exemption from Government Participation. Cap, 350 LFN.
 Notwithstanding the provisions of paragraph 34 of the First Schedule to the Petroleum Act Cap 350 Laws of the Federation of Nigeria (which provides in part for participation of the Federal Government in the ownership and operations of prospecting licenses and oil mining

leases held by private oil companies) participation by Federal Government shall not be applicable to Petroleum Operations carried out by an Indigenous Oil Company whose aggregate production from Petroleum Operations carried out by such company is not more than 50TBD of crude oil or natural gas equivalent (*Hon. Cairo Ojougboh*).

Amendment Proposed:

In line 2, immediately after the word "Nigeria" leave out the words "which provides in part for participation of the Federal Government in the ownership and operations of prospecting licenses and oil mining leases held by private oil companies" (*Hon. Nze Duru*).

Question that the amendment be made, put and agreed to.

Question that Clause 2 as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 3: Award of OPL under special conditions.

All oil prospecting licenses in respect of areas that revert to the Federal Government of Nigeria as a result of revocation, relinquishment, surrender, cancellation, expiration or termination of oil prospecting licenses or oil mining leases pursuant to the Petroleum Act. Cap. 350 Laws of the Federation of Nigeria or any other reversion of such licenses or leases by operation of any other enactment shall be granted only to Indigenous Oil Companies in accordance with such guidelines, procedures, terms and conditions of an oil prospecting license allocation round organized by the Minister from time to time (*Hon. Cairo Ojougboh*).

Amendment Proposed:

Retain the provisions in the Principal Bill (*Hon. Victor Lar*).

Question that the amendment be made, put and agreed to.

Question that Clause 3 as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 4: Exemption from commercial variations

An Indigenous Oil Company whose aggregate production of crude oil is not more than 35 TBD shall be allowed to produce up to the technical allowable set for the license, lease or sublease by the Department of Petroleum Resources (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 4 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 5: Power to make Regulation or Set Target.

- (1) The Minister shall by regulation or other periodic guidelines prescribe clearly defined targets and programmes for continuously increasing the level of indigenous participation in the Nigerian petroleum industry and generally to give full effect to the provisions of this Act.
- (2) Without prejudice to the foregoing provisions of Subsection (1) and the powers of the Minister to make general regulations or guidelines for indigenous participation in the petroleum industry, the regulation or guideline referred to in Subsection (1) above shall set out, among others, targets for indigenous oil and gas reserves and production, personnel content and other measurable parameters for determining the level of indigenous participation from time to time.
- (3) Such targets and parameters shall be reviewed from time to time as the Minister may deem necessary and if upon such review, the level or target set to achieve by the guideline or regulation are not met, the regulation or guidelines shall be reviewed accordingly to ensure the attainment of an enhanced indigenous participation in the Nigerian Petroleum Industry.
- (4) Without prejudice to the foregoing provisions of subsection (3), the Minister shall, not later than three years after the commencement of this Bill and thereafter at intervals of two years, undertake a general review of the set targets, parameters and programmes for continuous increase in the level of indigenous participation in the Nigerian petroleum industry and set such new targets, parameters and

programmes as shall be necessary to give full effect to the provisions of this Bill
(Hon. Cairo Ojoughboh) — Agreed to.

Question that Clause 5 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 6: Delegation of Powers of the Minister.
The power conferred on the Minister by the provision of Section 5 above may be exercised by the Director of Petroleum Resources or any officer of the Ministry of Petroleum Resources designated in that behalf by the Minister (Hon. Cairo Ojoughboh) — Agreed to.

Question that Clause 6 stand part of the Bill, put and agreed to.

FISCAL TERMS

Committee Recommendation:

Clause 7: Payment of Petroleum Profits Tax, Cap. 354 LFN.
(1) Determination and payment of petroleum profits tax shall be in accordance with the Petroleum Profits Tax, provided, however, that the tax rate to be applicable to Petroleum Operations carried out by Indigenous Oil Companies shall be a flat rate of 60%.

(2) Nothing contained in this Bill shall be construed as having exempted an Indigenous Oil company from payment of any other taxes imposed by the Federal Government (Hon. Cairo Ojoughboh) — Agreed to.

Question that Clause 7 stand part of the Bill, put and agreed to.

Clause 8: Investment Tax Credit, etc. Cap. 354 LFN
Where Petroleum operations are carried out by an Indigenous Oil Company in areas other than in Deep Offshore **or Inland** Basins, and such company incurs any qualifying capital expenditure wholly, exclusively and necessarily for the purpose of petroleum operations carried out on such licence or lease there shall be due for the accounting period in which that expenditure was incurred, an Investment Tax Allowable at a rate of thirty percent of the qualifying capital expenditure in the determination of chargeable tax under the Petroleum Profits Tax Act.

Committee Recommendation:
Leave out the provision in the Clause (Hon. Cairo Ojoughboh) — Agreed to.

Committee Recommendation:

Clause 9: Royalty.
The payment of Royalty of Petroleum Operations carried out by an Indigenous Oil Companies, in areas less than 200metres water depth shall be graduated according to production tranches and zones of operation as follows:

Tranches of Production	Onshore : Areas less than 100 meters water depth Area greater than 100 meters but less than 200 meters water depth		
Greater than 25 TBD Greater	20%	18%	16.65%
than 15 TBD but not more than 25 TBD	20%	18.5%	16.65%
Greater than 10 TaD but not more than 15 TBD	16%	12.5%	10%
Greater than 5 TBD but not more than 10 TBD	12%	7.5%	
Greater than 2 TBD but not more than 5 TBD	5%	2.5%	2%
Up to 2TBD	5%	2.5%	2%

— (Hon. Cairo Ojoughboh) — Agreed to.

Question that Clause 9 stand part of the Bill, put and agreed to.

- Clause 10: The determination of —
- (a) petroleum profits tax;
 - (b) investment tax allowable; and
 - (c) royalty in respect of Petroleum Operations carried out by Indigenous Oil Companies in Deep Offshore and Inland Basins shall be in accordance with the appropriate provisions of the Deep Offshore and Inland Basin Production Sharing contracts Decree, 1999.

Committee Recommendation:

Leave out the provision in the Clause (Hon. Cairo Ojougboh) — Agreed to.

Committee Recommendation:

- Clause 11: Application of Fiscal Terms.
The fiscal terms under Section 7 to 9 of this Bill shall only be applicable to Petroleum Operations of an Indigenous Oil Company for aggregate production of not more than 50TBD. Above 50TBD, fiscal terms shall be in accordance with the Petroleum Profits Tax Act and the first schedule to the Petroleum Act Cap. 350 LFN (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 11 stand part of the Bill, put and agreed to.

Committee Recommendation:

- Clause 12: Saving Provisions.
The relevant provisions of all existing enactment or law including the Petroleum Act, as amended and the Petroleum Profits Tax Act as amended shall be read with such modifications as to bring them into conformity with the provisions of this Bill (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 12 stand part of the Bill, put and agreed to.

Committee Recommendation:

- Clause 13: Delimitation of Size of **Oil** Blocs.
All oil blocks awarded to oil companies on lease other than indigenous oil companies shall have 50% local content (*Hon. Cairo Ojougboh*).

Amendment Proposed:

Inline 1, immediately after the word "lease" *leave out* the words "other than indigenous oil companies" (*Hon. Olaka Nwogu*).

Question that the amendment be made, put and agreed to.

Question that Clause 13 as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

- Clause 14: Relinquishment of Undeveloped Oil Blocs.
- (1) Oil blocks awarded to indigenous oil companies on lease that remain Relinquishment 100% undeveloped after 10 years shall revert to the Government.
 - (2) If after 10 [ten] years of lease and not more than 50% of the block on lease had been converted from oil prospecting licence to oil mining Licence by the lessee, then the total percentage of block not converted shall revert to the Government (*Hon. Cairo Ojougboh*).

Amendment Proposed:

In sub-clause (1), In line 2, *leave out* the word "Relinquishment" (*Hon. Olaka Nwogu*).

Question that the amendment be made, put and agreed to.

Question that Clause 14 as amended, stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 15: Exemption **from Application of certain Enactments Cap. 350. Cap. 338.**

- (1) Subject to the provisions of this Bill, an Indigenous oil Company shall be subject to all rights, powers, obligations and duties to which a licensee or lessee by virtue of the Petroleum Act Cap. 350 Laws of the Federation of Nigeria and a licensee and the holder of a permit by virtue of the Oil Pipelines Act Cap. 338 Laws of the Federation of Nigeria are subject, so however that in the application thereof:
 - (a) paragraph 12 of the First Schedule to the-Petroleum Act (which provides for the relinquishment of one-half of the leased area after ten years after the grant of an oil mining lease); and
 - (b) paragraphs 3 and 6 of the said Schedule (which relate to the duration of an oil exploration license and oil prospecting license respectively); and
 - (c) such other provisions of those enactments as the Minister may from time to time specify by public notice shall be excluded.
- (2) Notwithstanding anything to the contrary contained in any other enactments or law, the duration of an oil prospecting license held by an Indigenous Oil Company shall be determined by the Minister and shall be for a minimum period of 5 years and an aggregate period of 10 years (*Hon. Cairo Ojougboh*) ~ *Agreed to.*

Question that Clause 15 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 16: **Signature Bonus.**

Indigenous oil exploration and production companies shall pay signature bonus in local currency (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 16 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 17: **Time Frame.**

Notwithstanding the provisions of any other enactment or guideline, indigenous oil companies shall be given twice the time allotted to non- indigenous companies to pay their signature bonus (*Hon. Cairo Ojougboh*) — *Agreed to.*

Question that Clause 17 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 18: **Interpretations.**

"Indigenous Oil Company" means a company incorporated under the laws of the Federal Government of Nigeria for the purpose of exploration for/and production of crude oil and natural gas of which 60% or more of its shares are beneficially owned by citizens of Nigeria and/or associations of such citizens; and (*Hon. Cairo Ojougboh*),

Question that the meaning of the words "Indigenous Oil Company " shall be as defined in the interpretation to this Act, put and agreed to.

"TBD" means thousand barrels per day (*Hon. Cairo Ojougboh*).

Question that the meaning of the words "TBD" shall be as defined in the interpretation to this Act, put and agreed to.

"Minister" means the Minister charged with responsibility for matters relating to Petroleum (*Hon. Cairo Ojougboh*).

Question that the meaning of the word "Minister" shall be as defined in the interpretation to this Act, put and agreed to.

"Petroleum Operations" shall have the same meaning as in the Petroleum Profits Tax Act, 1959 as amended (*Hon. Cairo Ojougboh*).

Question that the meaning of the words "Petroleum Operations" shall be as defined in the interpretation to this Act, put and agreed to.

"Deep Offshore and Inland Basin" shall have the meaning ascribed to it in the Deep Offshore and Inland Basin Decree, 1999 (*Hon. Cairo Ojoughboh*).

Question that the meaning of the words "Deep Offshore and Inland Basin" shall be as defined in the interpretation to this Act, put and agreed to.

Realizable Price" means the net price realizable from sales of Nigerian crude Oil at the market after deducting the cost of production and freight (*Hon. Cairo Ojoughboh*).

Question that the meaning of the words "Realizable Price" shall be as defined in the interpretation to this Act, put and agreed to. •

Question that Clause 18 stand part of the Bill, put and agreed to.

Committee Recommendation:

Clause 19: Short Title.

This Act may be cited as the Indigenous Oil Companies (Regulations and Fiscal Terms) Act, 2006 (*Hon. Cairo Ojoughboh*) — Agreed to.

Question that Clause 19 stand part of the Bill, put and agreed to.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Deputy Speaker in the Chair, reported that the House in the Committee of Whole, considered the Report of the House Committee on Petroleum Resources on a Bill for an Act to Make Provisions for Regulations and Fiscal Incentives in Connection with Petroleum Operation Carried out by Indigenous Oil Companies, 2005. It approved Clause 1, 2 as amended, retained section 3 in the Principal Act, approved Clauses 4, 5, 6, 7, deleted Clause 8, approved Clause 9, deleted Clause 10, approved Clauses 11 and 12, approved new Clauses 13, 14, 15, 16, 17 and 18.

Question that the House do adopt the Report of the Committee of Whole, put and agreed to.

(ii) Joint Committee on Finance and Justice:

*Motion made and Question proposed, "That this House do consider the Report of the Joint Committee on Finance and Justice on a Bill for an Act to Amend the Petroleum Profit Tax Act, 2004 and for Matters Connected Therewith, 2005 and approved the Recommendations therein" (*Hon. Abdullahi Idris Umar*).*

Question put and agreed to.

Question that the House do resolve into the Committee of Whole to consider the said Report, put and agreed to.

(HOUSE IN COMMITTEE)

(Mr Deputy Speaker in the Chair)

A BILL FOR AN ACT TO AMEND THE PETROLEUM PROFITS TAX ACT AND FOR MATTERS CONNECTED THEREWITH

Amendment of the Act:

Committee Recommendation:

The Petroleum Profits Tax Act (in this Act referred to as "the Principal Act") is amended as set out in this Act (*Hon. Shuaibu H. Abdullahi*) — Agreed to.

Ordered to stand part of the Act.

Amendment of Section 10:***Committee Recommendation:***

Section 10 of the Principal Act is amended in subsection (1) thereof by substituting therefor the following new subsection, that is—

- (1) In computing the adjusted profit of any company for any accounting period from its petroleum operations, there shall be deducted all outgoings and expenses wholly, exclusively and necessarily incurred, whether within or outside Nigeria, during that period by such company for the purpose of those operations, including but without otherwise expanding or limiting the generality of the foregoing —
- (a) rents for that period and premiums, the liability for which was incurred during that period, in respect of land or building occupied for the purpose of petroleum operations and business related thereto;
 - (b) rents, other than rents included in the definition of royalties in this Act, and non-productive rents incurred for that period on land under an oil prospecting license or an oil mining lease for disturbance of surface rights or for any like disturbance;
 - (c) royalties the liability for which was incurred by the company during that period in respect of crude oil or of casing head petroleum spirit won in Nigeria, including condensate, injected into such crude oil;
 - (d) sums incurred by way of interest upon any money borrowed by such company, where the Board is satisfied that the interest was payable on capital employed in carrying on its petroleum operations;
 - (e) all sums incurred by way of interest on any inter-company loans obtained by the company, under terms prevailing in the international open market for the purpose of its petroleum operations and such terms may use the London Inter-Bank Offer Rate subject to a maximum spread as may be prescribed by the Minister;
 - (f) any expense incurred for repair of premises, plant, machinery, fixtures or work-over wells employed for the purposes of carrying on petroleum operations for the renewal, repair or alteration of any implement, utensils or articles so employed;
 - (g) debts directly incurred by the company and proved to the satisfaction of the Service to have become bad notwithstanding that such bad or doubtful debts were due and payable prior to the commencement of that period:

Provided that —

- (f) the deduction to be made in respect of a doubtful debt shall not exceed that portion of the debt which is proved to have become doubtful during that accounting period, nor in respect of any particular debt shall include any amount deducted under the provisions of this sub-paragraph in determining the adjusted profit of a previous accounting period,
- (ii) all sums recovered by the company during that accounting period on account of amounts previously deducted in respect of bad or doubtful debts shall, for the purposes of subsection (1)(c) of section 9 of this Act, be treated as income of that company for that period; and
- (iii) is proved to the satisfaction of the Service that the debts in respect of which a deduction is claimed were either —
 - (a) included as a profit from petroleum operations in the accounting period in which they were incurred, or
 - (b) advances made in the normal course of carrying on petroleum operations in the accounting of any item falling within the provisions of section 11 of this Act;

- (h) any expenditure including intangible drilling costs directly incurred in connection with the drilling of an appraisal or development well but excluding any expenditure directly incurred on the appraisal wells referred to in paragraph (j) of this subsection, and excluding expenditure which is qualifying plant or, building expenditure for the purpose of the Second Schedule, and excluding any sums deductible in ascertaining the tax under the provisions of section 20 of this Act;
- (i) any expense or deduction in respect of a liability incurred which is deductible under any other provision of this section,
- (j) any expenditure (whether tangible or intangible) directly incurred in connection with the drilling of an exploration well and the first two appraisal wells in the same field whether the wells are productive or not,
- (k) where a deduction may be given under this section in respect of any such expenditure, that expenditure shall not be treated as qualifying drilling expenditure for the purpose of the Second Schedule;
- (m) all sums the liability for which was incurred by the company during that period to the Federal Government of Nigeria or to any State or local government council or their agencies and parastatals by way of duty, including customs and excise duties, stamp duty, development levies, or any rate, impost, fee or other like charge;
- (n) any provision for abandonment and restoration cost made by the company in accordance with any rules approved by the Ministers charged with responsibility for matters relating to petroleum and finance such rules to include the need to set aside a specific fund for abandonment and restoration cost; and
- (o) such other deductions as may be prescribed by any regulations under this Act;
- (p) any contribution to a pension, provident or other society, scheme or fund which may be approved, with or without retrospective effect, by the National Pension Commission pursuant to the Pension Reform Act 2004 or any other appropriate authority subject to such general conditions or particular conditions in the case of any such society, scheme or fund as the National Pension Commission or such other appropriate authority may prescribe:

Provided that any sum received by or the value of any benefit obtained by such company, from any approved pension, provident, or other society, scheme or fund, in any accounting period of that company shall, for the purposes of subsection (1) (c) of section 9 of this Act, be treated as income of that company for that accounting period (*Hon. Abdullahi Idris Umar*) ~ *Agreed to*.

Section 10 as amended, ordered to stand part of the Act.

Amendment of Section 10:

Committee Recommendation:

The Principal Act is amended by inserting immediately after the existing section 10 thereof, the following new section 10A, that is —

The President may, on the recommendation of the Ministers of Petroleum Resources and Finance subject to the approval by a resolution of each Houses of the National Assembly, make regulations prescribing a regime of tax incentives for the petroleum industry (*Hon. Abdullahi Idris Umar*) — *Agreed to*.

Section 10A as amended, Ordered to stand part of the Act.

Amendment of Section 11:

Committee Recommendation:

Section 11 of the Principal Act is amended by substituting therefore the following new section, that is —

- 11. (1) Notwithstanding the provision of section 10 of this Act, for the purpose of ascertaining the profit or loss of any company for the period from any source chargeable with tax under this Act, there shall be deducted the amount of donation to a university and other tertiary or research institutions for research or any developmental purpose or as an endowment out of the profits of the period by the company.

- (2) Any donation made by a company pursuant to subsection 1 of this section, shall be allowed as deductible by the company out of the profits of that period notwithstanding that the donation is of a revenue or capital nature.
- (3) Subject to any direction as the Minister with the approval of the Federal Executive Council may make, by regulations published in the Federal Gazette, any deduction to be allowed to any company under subsection (1) of this section shall not exceed an amount which is equal to 2 per cent of chargeable profit (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 11 as amended, ordered to stand part of the Act.

Amendment of Section 12:

Committee Recommendation:

Section 12 of the Principal Act is hereby deleted (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Amendment of Section 14:

Committee Recommendation:

Section 14 of the principal Act is amended by —

- (a) renumbering the existing provisions as subsection (1); and
- (b) inserting the following new subsection (2), that is —
 - (2) Where in any accounting period of a company engaged in petroleum operations, the company is engaged in transportation of chargeable oil by oil tankers, as mentioned in subsection (1) of this section, or has any source of income or profits of a kind not chargeable to tax under this Act, then any sums, the liability for which was incurred by the company during that period and which are attributable to such transportation, oil-tankers or source shall not be allowed to be deducted under the provisions of this section (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 14 as amended, ordered to stand part of the Act,

Amendment of Section 18:

Committee Recommendation:

Section 18 of the Principal Act is amended by substituting therefor the following new section, that is —

- (1) Where a trade or business carried on by a company is sold or transferred to any other company for the purpose of better organisation of that trade or business, the Service may direct that —
 - (a) for the purpose of the Second Schedule to this Act, the assets of the transferred business or trade shall be deemed to have been sold for an amount equal to the residue of the qualifying expenditure thereon on the following day of such sale or transfer;
 - (b) the company acquiring each asset shall not be entitled to any initial allowance with respect to that asset under the Second Schedule to this Act and any allowance deemed to have been received by the vendor company under the provisions of this paragraph; and
 - (c) any loss incurred by the acquired company shall be deemed incurred by the subsisting company and shall subsist for the number of years, the loss would ordinarily have been available to the acquired company if it had not been so acquired, except that the Service may —
 - (i) require either the company directly affected by any such directive which is under consideration by the Service to guarantee or give security, to the satisfaction of the Service, for payment in full of all tax due or to become due by the company selling or transferring such trade or business, and
 - (ii) impose such condition as it sees fit on either or both the companies directly affected, and in the event of failure by either company to carry out or fulfill such guarantee or conditions, the Service may revoke the directive and make all such additional assessments or payments of tax as may be necessary so as to give effect to such revocation, and for the purpose of this subsection, reference to a trade or business shall include reference to any part thereof.

- (2) Where, in pursuance of Chapter 3 of Part II of the Companies and Allied Matters Act (in this subsection referred to as the Act), a company (in this subsection referred to as the reconstituted company) is incorporated under that Act to carry on any trade or business previously carried on in Nigeria by a foreign company and the assets employed in Nigeria by the foreign company in that trade or business vest in the reconstituted company, and if the Service is satisfied that the trade or business carried on by the reconstituted company immediately after the incorporation of that company under the Act is not substantially different in nature from the trade or business previously carried on in Nigeria by the foreign company, the following provisions of the subsection shall have effect, that is —
- (a) for the purposes of the Second Schedule to this Act, the assets so vested in the reconstituted company shall be deemed to have been sold to it, on the day of the incorporation of that company, for any amount equal to the residue of the qualifying expenditure thereon on the day following the day on which the trade or business previously carried on in Nigeria by the foreign company ceased;
 - (b) the reconstituted company shall not be entitled to any initial allowances in respect of those assets and shall be deemed to have received all allowances given to the foreign company in respect of those assets under the Second Schedule to this Act and any allowances deemed to have been received by the foreign company in respect of those assets under the Second Schedule to this Act and any allowances deemed to have been received by the foreign company under the provisions of this paragraph or section 17 of this Act;
 - (c) subject to this section, that amount of any loss incurred during the year of assessment by the foreign company in the trade or business previously carried on by it in Nigeria, being a loss which has been allowed against any assessable profits or income of that company for any such year, under the provisions of this Act or the corresponding provisions of the Companies Income Tax Act or the Personal Income Tax Act, shall be deemed to be a loss incurred by the reconstituted company for the year of assessment in which its trade or business commenced, and the amount of that loss shall be deducted from the assessable profits of the reconstituted company;
 - (d) no deduction shall be made under paragraph (c) of this subsection in respect of any loss to which that paragraph relates unless within 3 years after the incorporation of the reconstituted company a claim for the deduction is lodged by that company with the Service and a copy of the claim is forwarded by that company to the Board; and
 - (e) any deduction to which paragraph (d) of this subsection applies shall be made as early as possible from the amount, if any, of the assessable profits of the reconstituted company for the year of assessment in which its trade or business commenced and so far as it cannot be so made, then from the amount of the assessable profits of the next year of assessment, and subsequently, except that such deductions shall not be made against the profits of the company after the fourth year from the commencement of such business, and in this subsection, foreign company means a company incorporated outside Nigeria before the 18th day of November 1968, and having on that date an established place of business in Nigeria
(Hon. Shuaibu H. Abdullahi) — Agreed to.

Section 18 as amended, ordered to stand part of the Act.

Amendment of Section 20:

Committee Recommendation:

Section 20 of the Principal Act is amended by substituting therefor the following new section, that is —

- (1) The chargeable profits of any company for any accounting period shall be the amount of the assessable profits of that period after the deduction of any amount to be allowed in accordance with the provisions of this section.
- (2) There shall be allowed the aggregate amount of allowances due to the company under the provisions of the Second Schedule to this Act for the accounting period.
- (3) Where the total amount of the allowances computed under subsection (2) of this section cannot be deducted under subsection (1) of this section owing to an insufficiency of or no assessable profits for the accounting period, such total amount or the part thereof which has not been so deducted as the case may be, shall be added to the aggregate amount to be computed under subsection (2) of section for the following accounting period of the company, and thereafter shall be deemed to be an

allowance due to the company, under the provisions of the Second Schedule to this Act for that following accounting period (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 20 as amended, ordered to stand part of the Act.

Amendment of Section 21:

Committee Recommendation:

Section 21 of the Principal Act is amended by inserting immediately after the existing subsection (2) thereof, the following new subsections (3), (4) and (5), that is —

- (3) Where a company carries on petroleum operations by production sharing contract or any similar arrangement in the deep offshore and inland basin as defined under section 18 of the Deep Offshore and Inland Basin Production Sharing Contracts Act, the assessable tax for any accounting year on the profits derived from the contract areas shall be an amount equal to 50 per cent of its chargeable profits from the contract area:

Provided that the Minister of Finance may, on the recommendation of the Service with the approval of the National Assembly, vary the rates specified in this section.

- (4) Where a company transfers, or disposes of gas to a gas utilisation project in Nigeria, the assessable tax from the sale, transfer, or disposal of the gas shall be at a rate equal to zero per cent and where the company transfers the gas at a price higher than the cost of producing the gas, the profits therefrom shall be subject to tax at a rate specified under the Companies Income Tax Act.
- (5) Where a company sells, transfers or disposes gas to any other person outside Nigeria, the assessable tax from the sale of gas shall be an amount equal to the tax rate specified under the Companies Income Tax Act.
- (6) For the purpose of this Act the Memorandum Of Understanding (MOU) entered into by NNPC with oil Companies specified in the 3rd Schedule of this Act shall be deemed to be an integral part of this Act and may be amended by the National Assembly from time to time upon recommendation by the Ministers of Finance and Petroleum, **DPR** and Service (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 21 as amended, ordered to stand part of the Act.

Amendment of Section 22:

Committee Recommendation:

Section 22 of the Principal Act is amended in subsections (1) and (2) by substituting therefor the following new subsections, that is —

- (1) Petroleum producing company which executes a production sharing contract on or before the 1st day of July 1998 shall, throughout the duration of the production sharing contract, be entitled to claim an investment allowance in accordance with the provisions of the production sharing contract.
- (2) The investment tax allowance applicable to the contract area shall be 50 per cent flat rate of qualifying capital expenditure incurred or recognised in the accounting period except that the Minister may vary the rate with the approval of the National Assembly (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 22 as amended, ordered to stand part of the Act.

Amendment of Section 24:

Committee Recommendation:

Section 24 of the Principal Act is amended by inserting the following new subsection (7) thereof —

- (7) Notwithstanding the provisions of subsection (3) of this section or anything to the contrary in any other law or agreement, each company shall be responsible for reporting its own petroleum operation, profits, outgoings, expenses, qualifying expenditure and the tax chargeable on its petroleum operations" (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 24 as amended, ordered to stand part of the Act.

Insertion of New Section 30A:*Committee Recommendation:*

The Principal Act is amended by inserting immediately after the existing section the following new section 30A, that is —

- (1) The National Petroleum Investment Management Services and the Crude Oil Marketing Department of the Nigerian National Petroleum Corporation on the one hand and the Department of Petroleum Resources of the Ministry of Petroleum Resources shall provide the following information to the Service, that is —
 - (a) the approved budget of joint venture and production sharing contracts, pre-audit and post-audit joint venture accounts by the National Petroleum Investment Management Services;
 - (b) production lifting or exported crude, realisable prices, American Petroleum Institute gravity of various crude oil blends, schedule of shipping agents or companies involved in lifting crude oil, stating names, addresses, quantity and value of crude oil lifted by the Crude Oil Marketing Department;
 - (c) names and addresses of licensed companies in the oil and gas industry, schedule and approved cost of all exploration and first two appraisals, wells, schedule of licenses or concessions granted categorised as to oil prospecting licences and oil mining leases and payments made thereon, production and lifting of crude oil specifying the affected terminals by the Department of Petroleum Resources; and
 - id) any other information that the Service may, by regulations, require, from time to time.
- (2) The information specified in subsection (1)(a) of this section shall be delivered to the Service as follows—
 - (a) approved budget shall be delivered not later than 30 days after the approval;
 - (b) pre-audit joint venture account shall be delivered not later than 30 days after the accounting year; and
 - (c) post-audit joint venture accounts shall be delivered not later than 31st May of the year following the accounting date.
- (3) The information specified in subsection (1) (b) of this section shall be delivered to the Service on or before the 30th day of the month following that in which the production or lifting took place.
- (4) The information specified in subsection (1) (c) of this section shall be delivered to the Service as follows—
 - (a) names and addresses of such shall be delivered not later than 15 days after the issuance of licences to such companies;
 - (b) schedules and approved costs of all exploration and first two appraisals wells shall be delivered not later than 30 days after the approval; and
 - (c) schedules of licenses/concessions granted shall be delivered on or before the 30th day of the month following the granting of licenses/concession (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 30A , ordered to stand part of the Act.

Amendment of Section 33:*Committee Recommendation:*

Section 33 of the Principal Act is amended by inserting immediately after the existing subsection (2) the following new subsections (3) and (4), that is —

- (3) Where the further returns provided for under subsection (2) of this section is not made, the Service shall impose interest at the prevailing London Inter-Bank Offer Rate or Central Bank of Nigeria Rediscount Rate whichever is higher

- (4) Every return made by an oil producing company in fulfilment of the provisions of this section shall be subject to review and validation by the Service (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 33 as amended, ordered to stand part of the Act.

Insertion of New Section 33A:

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Committee Recommendation:

The Principal Act is amended by inserting immediately after the existing section 33 the following new section 33A, that is —

The Accountant-General of the Federation shall, every month, convene a meeting of operators in the crude oil sector for the purposes of reconciliation of all sales, receipts and taxes in respect of crude oil (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 33A , ordered to stand part of the Act.

Insertion of New Section 35A:

Committee Recommendation:

The principal Act is amended by inserting immediately after the existing section 35, the following new section, that is —

- (1) Without prejudice to any other power conferred on the Service for the enforcement of payment of tax due from a company that has been properly served with an assessment which has become final and conclusive and a demand notice has been served upon the company in accordance with the provisions of this Part of this Act, or has been served on the company or upon the person in whose name the company is chargeable, then, if payment of tax is not made within the time specified by the demand notice, the Service may in the prescribed form, for the purpose of enforcing payment of the tax due—
- (a) distrain the taxpayer by his goods, other chattels, bond or other securities; or
- (b) distrain upon any land, premises or places in respect of which the taxpayer is the owner and, subject to the provisions of this section, recover the amount of tax due by sale of anything so distrained.
- (2) The power to distrain under this section shall be in the form contained in the Fourth Schedule to the Federal Inland Revenue Service Act 2005, and such authority shall be sufficient warrant and authority to levy by distress the amount of tax due.
- (3) For the purpose of levying any distress under this section, an officer duly authorised by the Executive Chairman may apply to a Judge of the Federal High Court sitting in Chambers under oath for the issue of a warrant under this section.
- (4) The Judge of the Federal High Court may on application made ex-parte authorise such officer, referred to in subsection (3) of this section, in writing to execute any warrant of distress and, if necessary, break open any building or place in the daytime for the purpose of levying such distress and he may call to his assistance any police officer and it shall be the duty of any police officer when so required to aid and assist in the execution of any warrant of distress and in levying the distress.
- (5) The distress taken pursuant to this section may, at the cost of the owner thereof, be kept for 14 days, at the end of which time, if the amount due in respect of tax and the cost and charges incidental to the distress are not paid, the same may be sold.
- (6) There shall be paid out of the proceeds of sale, in the first instance, the cost or charges incidental to the sale and keeping of the distress, and the residue, if any, after the recovery of the tax liability, shall be payable to the owner of the things distrained upon demand being made within one year of the sale or shall thereafter be forfeited.
- (7) In exercise of the powers of distress conferred by this section, the person to whom the authority is granted under subsection (4) of this section may distrain upon all goods, chattels and effects belonging to the debtor wherever the same may be found in Nigeria.
- (8) Nothing in this section shall be construed as authorising the sale of any immovable property without an order of a Court of competent jurisdiction (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 35A , ordered to stand part of the Act.

Repeal:

Committee Recommendation:

Sections 41, 42 (1) - (4) (Body of Appeal Commissioners) repealed (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Amendment of Section 42:

Committee Recommendation;

Section 42 of the Principal Act is amended in subsection (14) thereof by substituting for the amount N 1,000 occurring in paragraphs (a) and (b) respectively the amount N 100,000 (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 42 as amended, ordered to stand part of the Act.

Amendment of Section 45 (1):

Committee Recommendation:

Section 45 (1) of the Principal Act is amended by —

- (6) The Service shall impose interest at prevailing London Inter-Bank Offered Rate or CBN Minimum Rediscount Rate whichever is higher (*Hon. Shuaibu H. Abdullahi*).

Amendment Proposed:

Leave out all the words in the Clause and *insert* the following instead thereof:

"The services shall impose interest at CBN Minimum Rediscount Rate" (*Hon. Ita Enang*).

Question that the amendment be made, put and agreed to.

Section 45 as amended, ordered to stand part of the Act.

Amendment of Section 46:

Committee Recommendation:

Section 46 of the Principal Act is amended by substituting therefor the following new section, that is —

46. (1) If any tax is not paid within the period stipulated in section 45 and this section of this Act
- (a) a penalty equal to 10 per cent per annum of the amount of tax payable shall be added thereto, and the provisions of this Act relating to the collection and recovery of tax shall apply to the collection of such sum;
 - (b) the tax due shall incur interest at the prevailing London Inter-Bank Offer Rate or CBN Minimum Rediscount Rate whichever one is higher plus spread to be determined by the Minister from the date when the tax becomes payable until it is paid and the provisions of this Act relating to collection and recovery of tax shall apply to the collection and recovery of the interest;
 - (c) the Service shall serve a demand note upon the company or person in whose name the company is chargeable, and if the payment is not made within one month from the date of service of such demand note, the Service may proceed to enforce payment as provided in this section;
 - (d) the penalty and interest imposed under this subsection shall not be deemed to be part of the tax paid for the purpose of claiming relief under any of the provisions of this Act (*Hon. Shuaibu H. Abdullahi*).

Amendment Proposed:

In sub-clause 1 (b), immediately after the words "prevailing" *leave out* the words "London Inter Bank Offer Rate or" (*Hon. Ita Enang*).

Consequential amendment.

Section 46 as amended, ordered to stand part of the Act.

Amendment of Section 52:

Committee Recommendation:

Section 52 of the Principal Act is hereby deleted (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Amendment of Section 53:

Committee Recommendation:

Section 53 of the Principal Act is amended by substituting therefor the following new section, that is —

- (1) If any person —
 - (a) makes or signs, or causes to be made or signed, or delivers or causes to be delivered to the Service or any officer of the Service, any declaration, notice, certificate or other document whatsoever; or
 - (b) makes any statement in answer to any question or enquiry put to him by an officer which he is required to answer by or under this Act or any other enactment or law, being a document or statement produced or made for any purpose of tax, which is untrue in any material particular, commits an offence under this section.
- (2) Where by reason of any such document or statement required to be produced under subsection (1) of this section the full amount of any tax payable is not paid or any overpayment is made in respect of any repayment of tax, the amount of tax unpaid or the overpayment shall be recoverable as a debt due to the Service.
- (3) Any person who commits an offence under this section shall be liable on conviction to a fine of N1,000,000 and 100 per cent of the amount of tax unpaid or overpayment made in respect of any repayment or to imprisonment for a term of 3 years or to both such fine and imprisonment (*Hon. Shuaibu H. Abdullahi*) ~ *Agreed to.*

Section 53 as amended, ordered to stand part of the Act.

Amendment of Section 54: -----

Committee Recommendation:

Section 54 of the Principal Act is amended by substituting therefor the following new section, that is —

- (1) Any person who, being obliged to deduct any tax under this Act, fails to deduct or having deducted fails to pay to the Service within 30 days from the date the amount was deducted or the time the duty to deduct arose, commits an offence and shall be liable on conviction to pay the tax withheld or not remitted in addition to a penalty of 10 per cent of the tax withheld or not remitted per annum and interest at the prevailing London Inter-Bank Offer Rate plus spread to be determined by the Minister.
- (2) The Directors or other officers responsible for tax matters in a company that commits the offence in subsection (1) of this section shall be liable on conviction to imprisonment for a term of 3 years (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 54 as amended, ordered to stand part of the Act.

Amendment of Section 55:

Committee Recommendation:

Section 55 of the Principal Act is amended by substituting therefor the following new section, that is —

Any person who is appointed for the due administration of this Act or employed in connection with the assessment and collection of a tax who —

- (a) demands from any company an amount in excess of the authorised assessment of the tax; or
- (b) withholds for his own use or otherwise any portion of the amount of tax collected; or
- (c) renders a false return, whether orally or in writing, of the amount of tax collected or received by him; or
- (d) defrauds any person, embezzles any money, or otherwise uses his position to deal wrongfully with the Service; or
- (e) steals or misuses Service documents; or

- (f) compromises on the assessment or collection of any taxes, commits an offence and shall be liable on conviction to a fine equivalent to 200 per cent of the sum in question or to imprisonment for a term of 3 years or to both such fine and imprisonment (*Hon. Shuaibu H. Abdullahi*) — *Agreed to.*

Section 55 as amended, ordered to stand part of the Act.

Amendment of Section 56:

Committee Recommendation:

Section 56 of the Principal Act is amended by substituting therefor the following new section, that is —

Deduction of tax from interest, etc.

- (1) Where any interest other than interest on inter-bank deposits or royalty becomes due from one company to another company or to any person to whom the provisions of the Personal Income Tax Act apply, the company making such payment shall, at the date when payment is made or credited, whichever first occurs, deduct therefrom tax at the rate prescribed in subsection (2) of this section and shall forthwith pay over to the Board the amount so deducted.
 - (2) The rate at which tax is to be deducted in this section shall be 10 per cent.
 - (3) For the purposes of this section, person authorised to deduct tax includes government departments, parastatals, statutory bodies, institutions and other establishments approved for the operation of Pay As You Earn system.
 - (4) The tax, when paid over to the Board, shall be the final tax due from a non-resident recipient of the payment.
 - (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say—
 - (a) the gross amount of the interest or royalty;
 - (b) the name and address of the recipient; and
 - (c) the amount of tax being accounted for.
79. Deduction of tax on rent.
- (1) Where any rent becomes due from or payable by one company to another company or to any person to whom the provisions of the Personal Income Tax Act apply, the company paying such rent shall, at the date when the rent is paid or credited, whichever first occurs, deduct therefrom tax at the rate prescribed under subsection (2) of this section and shall forthwith pay over to the Board the amount so deducted.
 - (2) The rate at which tax is to be deducted under this section shall be 10 per cent.
 - (3) For the purposes of this section, person authorised to deduct tax includes government departments, parastatals, statutory bodies, institutions and other establishments approved for the operation of Pay As You Earn system.
 - (4) The tax, when paid over to the Board, shall be the final tax due from a non-resident recipient of the payment.
 - (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say —
 - (a) the gross amount of the rent payable per annum;
 - (b) the name and address of the recipient and the period in respect of which such rent has been paid or credited;
 - (c) the address and accurate description of the property concerned; and
 - (d) the amount of tax being accounted for.

- (6) Any reference to rent in this section shall be construed whenever necessary as including payments for the use or hire of any equipment, payments for charter vessels, ship or aircraft and all such other payments for the use of or hire of movable and immovable property.

80. Deduction of tax from dividend.

- (1) Where any dividend or such other distribution becomes due from or payable by a Nigerian company to any other company or to any person to whom the provisions of the Personal Income Tax Act apply, the company paying such dividend or making such distribution shall, at the date when the amount is paid or credited, whichever first occurs, deduct therefrom tax at the rate prescribed under subsection (2) of this section and shall forthwith pay over to the Board the amount so deducted.
- (2) The rate at which tax is to be deducted under this section shall be 10 per cent.
- (3) Dividend received after deduction of tax prescribed in this section shall be regarded as franked investment income of the company receiving the dividend and shall not be charged to further tax as part of the profits of the recipient company. However, where such income is re-distributed and tax is to be accounted for on the gross amount of the distribution in accordance with subsection (1) of this section, the company may set-off the withholding tax which it has itself suffered on the same income.
- (4) The tax, when paid over to the Board, shall be the final tax due from a non-resident recipient of the payment.
- (5) In accounting for the tax so deducted to the Board, the company shall state in writing the following particulars, that is to say—
- (a) the gross amount of the dividend or such other distribution;
 - (b) the name and address of the recipient;
 - (c) the accounting period or periods of the company in respect of the profits out of which the dividend or distribution is declared to be payable and the date on which payment is due; and
 - (d) the amount of tax so deducted.

81. Deduction of tax at source.

- (1) Income tax assessable on any company, whether or not as assessment has been made, shall, if the Service so directs, be recoverable from any payments made by any person to such company.
- (2) Any such direction may apply to any person or class of persons specified in such direction, either with respect to all companies or a company or class of companies, liable to payment of income tax.
- (3) Any direction under subsection (1) of this section shall be in writing addressed to the person or be published in the Federal Gazette and shall specify the nature of payments and the rate at which tax is to be deducted.
- (4) In determining the rate of tax to be applied to any payments made to a company, the Service may take into account —
- (a) any assessable profits of that company for the year arising from any other source chargeable to income tax under this Act; and
 - (b) any income tax or arrears of tax payable by that company for any of the six preceding years of assessment.
- (5) Income tax recovered under the provisions of this section by deduction from payments made to a company shall be set-off for the purpose of collection against tax charged on such company by an assessment, but only to the extent that the total of such deductions does not exceed the amount of the assessment and provided the assessment is for the period to which such payments relate under the provisions of section 29 of this Act (*Hon. Shuaibu H. Abdullahi*) — *Agreed to*.

Section 56 as amended, ordered to stand part of the Act.

Short Title:

Committee Recommendation:

This Act may be cited as the Petroleum Profit Tax (Amendment) Act, 2006 (*Hon. Shuaibu H. Abdullahi*) — Agreed to.

Short Title as amended, ordered to stand part of the Act.

Chairman to report Bill.

(HOUSE IN PLENARY)

Mr Deputy Speaker in the Chair, reported that the House in the Committee of Whole, considered the Report of the Joint Committee on Finance and Justice on a Bill for an Act to Amend the Petroleum Profit Tax Act, 2004 and for Matters Connected Therewith, 2005. It approved the amendments to Sections 10, 11, 12, 14, 18, 20, 21, 22, and 24. It further approved the provision of new Sections 30A, 33A, 35A; the repeal of sections 41, 42(1-4) in the Principal Act. Finally, it approved the amendments to Sections 42, 45, 46, 52, 53, 54, 55, 56, 79, 80, and 81; the Short Title as well as the Explanatory Memorandum.

Question that the House do adopt the Report of the Committee of Whole, put and agreed to,

8. Adjournment:

That this House do now adjourn till Tuesday 22 August, 2006 at 10.00 a.m. (*Hon. Abdul Ningi*).

Adjourned accordingly at 12:50 p.m.

Aminu Bello Masari
Speaker

CORRIGENDUM

In the Votes and Proceedings of Wednesday, 9 August, 2006:

- (i) On page 19, Item 3 (/) — Heading, *leave out* the word "Decree" and *insert* the word "Degree" instead thereof.
- (ii) On page 22, Item 5, immediately after the word "Debate" *insert* a new paragraph (*Hi*) as follows:
"Direct the Legal Department to challenge the Order in Court".