

# National Assembly proposes “Emergency Economic Stimulus Bill 2020” to fight Covid-19

March 2020

“Nigeria’s House of Representatives has proposed a Bill for an Act to provide for tax relief, suspension of import duty on selected medical goods and deferral of residential mortgage obligations. The measures are expected to protect jobs and alleviate the financial burden on citizens in response to the economic downturn occasioned by the outbreak of COVID-19 disease.”

For a deeper discussion, please contact any member of our team below or your usual contact with PwC Nigeria:

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## The main objectives of the Bill are:

1. To provide temporary relief to companies and individuals and alleviate the adverse financial consequences of a slowdown in economic activities as a result of Covid-19
2. To protect the employment status of Nigerians who might otherwise become unemployed
3. Provide a moratorium on mortgage obligations for individuals
4. Eliminate additional fiscal bottleneck on the importation of medical equipment, medicines, personal protection equipment, etc.
5. Cater to the general wellbeing of Nigerians pending the eradication of the pandemic and a return to economic stability

## Fiscal stimulus provided under the Bill:

1. **Job protection** - any employer duly registered under the Companies and Allied Matters Act Cap C20 LFN 2004 which maintains the same employees status without retrenching their staff as at 1<sup>st</sup> of March 2020 till the 31<sup>st</sup> of December 2020 shall be entitled to 50% income tax rebate on the total amount due or paid as PAYE under the Personal Income Tax Act Cap C8 LFN 2004 as amended. Reduction in number of employees due to death arising from natural causes, voluntary disengagement, or disengagement by virtue of a breach of the Labour Act Cap L1 LFN 2004 are exempted. Also, companies that are partly or wholly under the Petroleum Profit Tax Act are not eligible for this relief. The period may be extended by the President if the COVID-19 disease persists subject to ratification by a majority of the members of the National Assembly.
2. **Deferral of mortgage payment** - This relief applies to mortgage payments under the National Housing Fund. The Bill provides that all payments of mortgage obligations on residential mortgages obtained by individual contributors to the National Housing Fund will be deferred for a period of 180 days effective from 1<sup>st</sup> of March 2020.

This may be extended by the President for a further period not exceeding 180 days subject to a majority vote by members of the National Assembly.

**Import duty waiver** - Effective from 1<sup>st</sup> of March 2020 to 31<sup>st</sup> of December 2020, the Act will grant waiver of import duty on medical equipment, medicines, personal protection equipment and other medical necessities required for the treatment and management of Covid-19 disease in Nigeria. The import duty waiver period may be further extended by the President in exercise of his powers under the Customs & Excise Tariffs etc (Consolidated) Act.

## Coverage

In line with Section 2 of the Bill, the provisions of the Act (when enacted) shall apply throughout the Federal Republic of Nigeria.

## Takeaway

COVID-19 is a severe public health emergency for citizens, societies and economies. Businesses will have to slow down or shut down temporarily, and some permanently if appropriate measure are not taken to protect them on time. We have already seen a big hit in the global stock market, the travel industry, sports and entertainment.

Governments around the world are introducing measures to contain the virus and at the same time boost their economies. While the proposed bill by the National Assembly shows the sense of urgency required, it is important that the proposed measures are appropriate, evidence-based and coordinated to support the most vulnerable people and businesses. The bill in its current form is unlikely to achieve these objectives, hence the need for further consultation and engagement.



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