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# ***NITDA has issued a final notice of local content compliance for ICT companies***

October 2015

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## ***In brief***

The National Information Technology Development Agency (NITDA) issued a final notice on 14 October 2015 for companies to comply with the local content guidelines which came into effect on 3 December 2013. The guidelines require multinational companies (MNC) to register their entities with the Corporate Affairs Commission (CAC) and carry on value adding services that promote local content value creation.

The Guidelines mandate all multinational companies to submit details of their Nigeria content programs from the inception of the rules not later than 15 November 2015.

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## ***In detail***

### ***Background***

The NITDA introduced guidelines on local content requirements for companies operating in the Information and Communications Technology (ICT) sector with a commencement date of 3 December 2013.

The guidelines are intended to help restructure and develop a strong indigenous ICT industry by addressing three core areas as follows:

- driving indigenous innovation;
- developing the local ICT industry; and
- establishing intellectual property regulation and protection standards.

### ***Mandatory Compliance***

A final public notice has been issued mandating entities in the ICT sector to comply with the

guidelines introduced in 2013. Organisations required to comply with or enforce the rules include:

- Federal Ministries, Departments and Agencies (MDAs) and procuring entities;
- ICT Multinational Companies (MNCs);
- ICT Service providers and Network Companies; and
- Original Equipment Manufacturers (OEMs) in ICT.

The guidelines provide for all companies operating within the ICT sector to have and submit a local content development plan to the NITDA/NCC for job creation, development of human capital, recruitment of local engineers and value creation.

The notice seeks to confirm and enforce compliance with this provision.

MNCs (in hardware, software and services) have been requested to submit details of their Nigeria local content programs carried on since the introduction of the guidelines with a deadline to do so before **16 November 2015**. The program should cover the period from the introduction of the guidelines to 16 October 2015 (that is, 3 December 2015 to 16 October 2015).

In addition, the report should highlight among other details; number of indigenous engineering jobs created, details of production processes carried on in-country, local capacity building and ICT skills programs.

Companies may apply electronically for an extension of time with regard to any provisions of the guidelines to the office for Nigerian Content

Development in ICT (ONC) at [info@onc.gov.ng](mailto:info@onc.gov.ng).

Also, the application for an extension must communicate steps being taken towards compliance.

### ***The Takeaway***

While there are still questions regarding the legal basis for the NITDA rules, it is clear that the agency is keen to enforce

compliance. The Guidelines state that a breach shall be construed as a breach of the principal legislation. Sections 17 and 18 of the NITDA Act impose stiff penalties for any acts of non-compliance with the Act.

We anticipate some push-back from companies in the sector on any requirements of the guidelines that may be considered illegitimate. In the meantime, affected companies will need to

study the guidelines closely and consider next steps to either comply to avoid sanctions or engage with NITDA and its relevant supervising ministry to discuss the practical challenges and agree a workable implementation of the rules.

*See [link](#) to our previous Tax Alert on the local content Guidelines introduced for the ICT sector which summarise the relevant provisions.*

## ***Let's talk***

For a deeper discussion of how this issue might affect your business, please contact:

### ***PwC Nigeria - Tax and Regulatory Services Unit***

Taiwo Oyedele  
+234 1 271 1700 Ext 6103  
[taiwo.oyedele@ng.pwc.com](mailto:taiwo.oyedele@ng.pwc.com)

Ugochukwu Dibia  
+234 1 271 1700 Ext 6120  
[ugochukwu.dibia@ng.pwc.com](mailto:ugochukwu.dibia@ng.pwc.com)

Gbemisola Aisida  
+234 1 271 1700 Ext 6110  
[gbemisola.aisida@ng.pwc.com](mailto:gbemisola.aisida@ng.pwc.com)