

THE PETROLEUM PROFITS TAX (AMENDMENT) DECREE 1967**Decree No. 1**

[5th January 1967]

Commencement.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :—

1.—(1) The Petroleum Profits Tax Act 1959 shall have effect subject to the amendments specified in the following provisions of this section.

Amendment
of 1959
No. 15.

(2) In section 2, after definition of "Nigeria" there shall be inserted the following definition—

"non-productive rents" means and includes the amount of any rent as to which there is provision for its deduction from the amount of any royalties under an oil prospecting licence or oil mining lease, to the extent that such rent is not so deducted ;"

(3) In section 2, in paragraph (a) of the definition of "royalties", for the words "lease ; and" there shall be substituted the words "lease to the extent that such rent is so deducted ; and".

(4) In section 9 (1) (a) (which relates to the ascertainment of profits by reference to gross proceeds of sale), the word "gross" shall be omitted.

(5) In section 10 (1) (which relates to deductions in computing the adjusted profit of a company), for the words "royalties incurred" in paragraph (a) there shall be substituted the words "royalties and non-productive rents incurred", and after paragraph (a) there shall be inserted the following paragraph—

"(aa) all royalties the liability for which was incurred by the company during that period in respect of crude oil exported from Nigeria (whether by the company or otherwise) or of casinghead petroleum spirit so exported after injection into such crude oil ;"

(6) In section 17 (2) (which relates to deductions from assessable tax), for the words "period ; and" in paragraph (a) there shall be substituted the words "period to the extent that those royalties are not deductible under section 10 (1) (aa) of this Act in computing the adjusted profit of the company for that period ;", and after paragraph (a) there shall be inserted the following paragraph—

"(aa) all non-productive rents the liability for which was incurred by the company during that period ; and".

(7) After section 17 there shall be inserted the new section 17A set out in the Schedule of this Decree.

Citation,
extent and
application.

2.—(1) This Decree may be cited as the Petroleum Profits Tax (Amendment) Decree 1967 and shall apply throughout Nigeria.

(2) The amendments provided for in this Decree shall, as regards any company engaged in petroleum operations, apply in relation to—

(a) every accounting period which begins after the commencement of this Decree; and

(b) the whole of any accounting period which began on or after 1st January 1966 but before the commencement of this Decree.

Section 1 (7)

SCHEDULE

NEW SECTION 17A TO BE INSERTED INTO 1959 No. 15

Additional
chargeable
tax payable
in certain
circum-
stances.

17A.—(1) If, for any accounting period of a company, the amount of the chargeable tax for that period, calculated in accordance with the provisions of this Act other than this section, is less than the amount mentioned in subsection (2) below, the company shall be liable to pay an additional amount of chargeable tax for that period equal to the difference between those two amounts.

(2) The amount referred to in the foregoing subsection is, for any accounting period of a company, the amount which the chargeable tax for that period, calculated in accordance with the provisions of this Act, would come to if, in the case of crude oil exported from Nigeria by the company, the reference in section 9 (1) (a) of this Act to the proceeds of sale thereof were a reference to the amount obtained by multiplying the number of barrels of that crude oil by the relevant sum per barrel.

(3) For the purposes of subsection (2) above the relevant sum per barrel of crude oil exported by a company is the posted price applicable to that crude oil reduced by such allowances (if any) as may from time to time be agreed in writing between the Government of Nigeria and the company.

(4) The whole of any additional chargeable tax payable by a company by virtue of this section for any accounting period shall be payable concurrently with the final instalment of the chargeable tax payable for that period apart from this section, and shall be assessed and be paid by the company accordingly under the provisions of this Act.

(5) In this section "posted price", in relation to any crude oil exported from Nigeria by a company, means the price f.o.b. at the Nigerian port of export for crude oil of the gravity and quality in question which is from time to time established by the company, after agreement with the Government of Nigeria as to the procedure to be followed for the purpose, as its posted price for Nigerian crude oil of that gravity and quality.

(6) Every posted price established as aforesaid must bear a fair and reasonable relationship—

(a) to the established posted prices of Nigerian crude oils of comparable quality and gravity, if any; or

(b) if there are no such established posted prices for such Nigerian crude oils, to the posted prices at main international trading export centres for crude oil of comparable quality and gravity,
due regard being had in either case to freight differentials and all other relevant factors.

(7) References in this section to crude oil include references to casing-head petroleum spirit which has been injected into crude oil.

(8) Where any crude oil which in relation to a particular company is chargeable oil is exported from Nigeria otherwise than by that company, that crude oil shall for the purposes of this section be deemed to be exported from Nigeria by that company.

DATED at Lagos this 5th day of January 1967.

LIEUTENANT-COLONEL Y. GOWON,
*Head of the Federal Military Government,
Supreme Commander of the Armed Forces,
Federal Republic of Nigeria*