CURRENT FISCAL REGIME FOR MINING PROJECTS IN NIGERIA IN COMPARISON WITH OTHER COUNTRIES

- **Fiscal incentives**
  - Capital allowance of 75% of certified true capital expenditure incurred in the year of investment and 50% in subsequent years.
  - Losses in each financial year not exceeding the value of capital allowances may be carried forward.
  - Investment allowance of 5%.
  - Capitalisation of all approved expenditures on prospecting and exploration.

- **Other incentives**
  - Exemption from payment of customs and import duties on approved plant, machinery, equipment and accessories imported specifically and exclusively for mining operations.
  - Exemption from expatriate quota and residence permits for approved expatriate employees.
  - Tax-free personal remittance quota for expatriate personnel for transfer of external currency out of Nigeria.
  - Tax holiday for the first three years of operations. This can be extended for a further period of 2 years at the discretion of the Minister.
  - Free transferability of funds for servicing foreign loans where foreign investment was used to finance the operation.

Republic of Mozambique

- Mining operations in Mozambique is regulated by the Mining Law of 2002 and Mining Law Regulations Decree 2003.

- **Fiscal incentives**
  - Exemption from payment of production tax.
  - Direct foreign and national investments may be reinvested individually or cumulatively:
  - Investment warranties put in place to secure and protect direct foreign investment.

- **Other incentives:**
  - Exportable profits resulting from investment eligible to the exportation of profit.
  - Royalties or other income earnings from indirect investment associated to Technology forfeiture or assignment.
  - Payments in instalments and interests from loans contracted in the international financial market and applied to investment projects.
  - Foreign capital investment and re-exportable independently of the respective investment project.
  - Amounts corresponding to payment of obligations to other non-resident entities.

TANZANIA

- Tanzania mineral industry and activities is regulated by the Mining Act, 1998.
- The fiscal regime for the mining sector in Tanzania is contained in the Financial Laws (Miscellaneous Amendment) Act, 1997.
- Mineral rights allocation and termination are done in a transparent manner.
- Mineral rights are allocated on the basis of first come first serve basis.

- **Other incentives**
- Mineral rights holders are free to transfer to third parties.
- S. 24 of the Constitution of Tanzania gives right to ownership of property.
- Guarantee of a long term mining project.
- Corporation rate of tax is specified. Where the Minister of Mining has entered into an agreement, even if the income derived from mining operations increase, the corporation rate of tax payable shall be the rate so specified.
- Guarantees of transfer of capital profits and dividends and guarantees against expropriation.
- Liberal foreign exchange regime.
- Effective dispute resolution mechanism is in place.

SOUTH AFRICA

- The law regulating mineral and mining is the Minerals and Petroleum Resources Development Act. This Act sets out the official policy concerning the exploration of the country's minerals. The law in place before the enactment of the new Act was the minerals and Energy Act 1991.

- Mineral rights were owned either by the State or the private sector. This dual ownership system was perceived by many to be an entry barrier to new investors. Government has stated that its objective is for all minerals rights to be vested in the State with due regard to constitutional ownership rights and security of tenure.

- **Incentives:**
  - Transformation of the minerals and mining industry
  - Promotion of equitable access to South Africa's mineral resources;
  - Promotion of investment in exploration, mining and mineral beneficiation;
  - Environmental sustainability of the mining industry.
  - An efficient physical infrastructure including road, rail, air and harbour facilities, communications and health services and the supply of electricity and water.

NAMIBIA

- Mining in Namibia is regulated by the Minerals (Prospecting and Mining) Act No. 33 of 1992. All rights in relation to Minerals are vested in the State.
- A mineral licence can only be issued only to a Company or a Namibian citizen.
- A 10% royalty is payable by the holder of a mining claim or mining licence.
- 5% royalty is payable in respect of most other materials.
- No minerals may be exported from Namibia except with the prior written permission of the Mining Commissioner.
- The Act makes provision for acquisition of the following licences:
    - Non-exclusive prospecting licences - valid for 12 months
    - Mineral licences
    - The holder of both licence may not exercise their rights until the land owner has agreed or the commissioner is satisfied that the land owner has waived rights.