

A Guide to Pioneer Status and Government Incentives for Solar Manufacturers in Nigeria

Pioneer Status & Fiscal Policy for PV Module Producers

Content Partner: J. v. G. technology GmbH

Turnkey solar module production lines — since 1997

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Technical Overview: Nigeria's Pioneer Status and Solar Manufacturing Incentives



Created as part of the PVKnowHow Knowledge Network



Prepared by J.v.G. Technology GmbH



European specialists in turnkey solar module production lines

Key Project Data

100–3...

Typical Scale

Target production capacity
range per project

≥ ₦10...

Asset Base

Minimum non-current
tangible asset threshold
(~\$220k+) + factory CAPEX

12–24 ...

Ramp-Up Period

Typical timeline to full
commercial production
(project dependent)

2 Types

Line Configurations

Semi- or fully automated
solar module production
lines

📄 Region: Nigeria · Line type: Semi- or fully automated PV module line · Source: PVKnowHow / J.v.G. Technology GmbH

Nigeria's Industrial Policy Context

Policy Objectives

- Foster economic diversification beyond oil and gas
- Create employment and build local industrial capacity
- Renewable energy manufacturing identified as a strategic priority sector
- Fiscal incentive framework designed to de-risk market entry

Why Solar Manufacturing?

- Nigeria has immense solar irradiation potential
- Growing domestic demand for reliable off-grid and grid power
- Solar panels and components are included on the official Pioneer Industries List
- Government views local PV production as a national development multiplier

What Is the Pioneer Status Incentive (PSI)?



Governed by the Industrial Development (Income Tax Relief) Act, PSI granted qualifying companies full relief from Corporate Income Tax for an initial three years, extendable for up to two additional years. Solar panel manufacturing and assembly is explicitly listed as a pioneer industry. **Note:** PSI applications closed November 10, 2025; the successor EDTI scheme is now in effect from January 1, 2026.

Financial Impact of the Tax Holiday

Improved Cash Flow

- Profits retained during formative years — no CIT payable for up to 5 years
- Critical liquidity support during ramp-up phase (12–24 months)
- Reinvestment capacity accelerated significantly

Improved ROI Profile

- Tax exemption directly improves net profitability in early operating years
- Standard CIT rate in Nigeria: 30% (companies with turnover above ₦100M)
- Full CIT exemption during pioneer period = material savings on taxable profit

Dividend Benefits

- Dividends paid during the pioneer period are exempt from 10% withholding tax
- Enables full profit distribution to shareholders without additional tax friction
- Supports foreign investor repatriation planning

PSI Eligibility Requirements

Industry Classification

- Activity must appear on NIPC's official Pioneer Industries and Products List
- Solar panel manufacturing and assembly: confirmed as eligible
- List is updated periodically — verify current version with NIPC

Asset Threshold

- Non-current tangible assets: minimum ₦100 million (joint venture, foreign-owned, and indigenous companies)
- Factory CAPEX for a semi-automated line typically exceeds this threshold
- Asset base must be verified by the Industrial Inspectorate Department (IID)

Regulatory Compliance

- Company must be incorporated in Nigeria (CAC registration required)
- Relevant sector operating licenses must be in place
- Application must be submitted within the first year of commercial production

Economic Impact Demonstration

- Must demonstrate employment generation and technology transfer
- Nigerian local content and value addition are evaluated by NIPC
- Export potential and foreign exchange inflow are considered

PSI Application Process — Step by Step

1 — **Step 1 — Pre-Application Assessment**
Confirm activity on NIPC Pioneer List; prepare project profile with share capital and asset data
Register on NIPC digital portal: psp.nipc.gov.ng

2 — **Step 2 — Submit Part I Application to NIPC**
Application letter, company incorporation certificate, business plan, financial projections, evidence of capital expenditure, regulatory licenses
Pay application and due diligence fees; NIPC acknowledges within ~1 week

3 — **Step 3 — NIPC Review & Site Verification**
NIPC conducts legal, regulatory, and compliance checks (~18 weeks)
Physical verification visit to factory site to confirm investment

4 — **Step 4 — Approval in Principle**
NIPC notifies company of decision; service charge deposit payment required
Approval in Principle certificate issued upon payment

5 — **Step 5 — IID Production Day Certificate**
Submit Part II application to Industrial Inspectorate Department (IID) of the Federal Ministry of Industry, Trade and Investment
IID determines and certifies the official "Production Day" — commencement of tax holiday

6 — **Step 6 — Pioneer Certificate Issued**
NIPC issues Pioneer Status Incentive Certificate; copies sent to FIRS and IID
Total process: approximately 25 weeks from submission to certificate

PSI vs. EDTI: The 2026 Transition

Criterion	PSI (closed Nov 2025)	EDTI (from Jan 2026)
Benefit Type	Full CIT exemption (tax holiday)	5% annual tax credit on qualifying capex
Duration	3 years + up to 2-year renewal (max 5 years)	5 years; extendable for

About the Content Partner

J. v. G. technology GmbH – The DESERT Company

Founded in 1997 in Bavaria, Germany. Family-owned engineering company specializing in turnkey solar module production lines.

More than 90 factory projects delivered worldwide.

On-site team training included – no prior manufacturing experience required.

Key areas:

Turnkey PV manufacturing lines | DESERT Technology® |
TÜV-certified module designs | Factory planning to production

www.jvg-thoma.com

Contact

J.v.G. Technology GmbH

Möningerberg 1a, 92342 Freystadt, Germany

info@jvg-thoma.de | www.jvg-thoma.com

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