

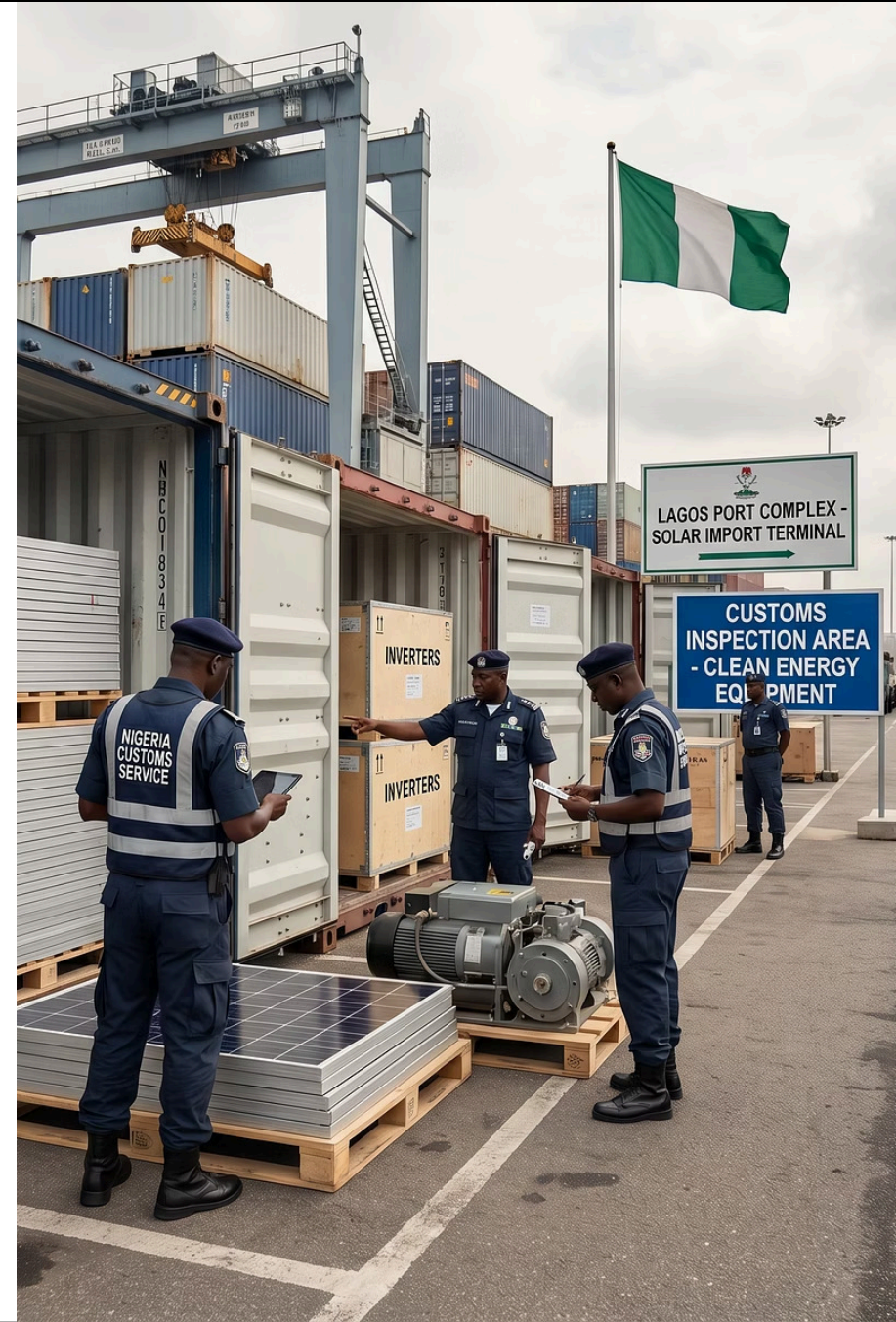
# A Guide to Nigerian Customs and Import Duties for Solar Manufacturing Equipment

A Practical Guide for Equipment Importers & Project Developers

Content Partner: J. v. G. technology GmbH

*Turnkey solar module production lines — since 1997*

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# Technical Overview: Nigerian Customs and Import Duties for Solar Equipment



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

**0–5%**

## Duty Range

Import duty on solar manufacturing equipment with applicable incentives

**2–6 wk**

## Clearance Time

Typical customs clearance timeline, subject to documentation completeness

**SON**

## Key Certification

SONCAP certification is mandatory for all regulated imported goods

**HS 8541**

## HS Code Range

Primary tariff heading for solar cells and photovoltaic equipment

 Scope: Solar manufacturing equipment import · Region: Nigeria / West Africa · Source: PVKnowHow / J.v.G. Technology GmbH

# Import Challenge: The Nigerian Context

## Why Nigeria Is Strategically Important

- Largest economy in Africa; over 200 million population with severe energy deficit
- National electrification targets driving demand for locally assembled solar modules
- Government policy actively promotes domestic solar manufacturing investment
- Import substitution strategy creates opportunity for turnkey equipment suppliers

## Core Import Challenges

- Complex multi-agency customs environment (NCS, SON, NAFDAC, others)
- HS code classification disputes can trigger unexpected duty reclassification
- Port congestion and documentation errors frequently extend clearance timelines
- Foreign exchange controls affect Letter of Credit and Form M processing

# Regulatory Framework: NCS, SON & CET

## NCS – Nigeria Customs Service

- Primary authority for tariff classification, duty assessment, and port clearance
- Applies the ECOWAS Common External Tariff (CET) schedule
- Issues the Pre-Arrival Assessment Report (PAAR) as clearance prerequisite

## SON – Standards Organisation of Nigeria

- Administers the SONCAP (SON Conformity Assessment Programme)
- All regulated products require a SONCAP Certificate before shipment
- Solar equipment falls under the regulated products schedule

## CET – ECOWAS Common External Tariff

- Harmonised tariff schedule applicable across 15 ECOWAS member states
- Five duty bands: 0%, 5%, 10%, 20%, 35% – based on product category
- Solar manufacturing equipment generally classified in the 0%–5% bands

# Why HS Codes Determine Everything

## What HS Codes Control

- Harmonised System (HS) codes define the applicable duty rate at point of entry
- A single digit difference in classification can shift duty from 0% to 20%+
- NCS officers may reclassify goods on arrival — binding pre-classification is advisable
- Disputes trigger physical examination and formal appeal processes — adding weeks

## Key HS Headings for Solar Equipment

- **HS 8541.40** — Photovoltaic cells and modules (0%–5% duty)
- **HS 8486** — Machines for manufacturing semiconductor devices
- **HS 8479** — Industrial machinery not elsewhere classified
- **HS 8514** — Industrial furnaces and ovens (covers laminators)
- Pre-shipment classification confirmation with a licensed agent is strongly advised

# Cost Differential: Finished Panels vs. Manufacturing Equipment

Criterion	Finished Solar Panels (HS 8541)	Manufacturing Equipment (HS 8486 / 8479)
CET Duty Rate	0%–5% (incentivised)	0%–5% (capital goods)
VAT (7.5%)	Applicable	Potentially waived under Pioneer Status
SONCAP Requirement	Mandatory	Mandatory for regulated components
Strategic Preference	Import substitution discouraged at scale	Government incentivised — local value-add
Long-Term Cost	Recurring import cost per MW	One-time capex; local production thereafter
Policy Alignment	Neutral	Strongly supported under NIPC / Pioneer Status

# Step-by-Step Import Process

- 1 — Form M Application**

Importer applies for Form M through an authorised Nigerian commercial bank  
Required before any Letter of Credit (LC) can be opened; mandatory for all regulated imports
- 2 — Engage Licensed Customs Agent**

Appointment of a CAC-registered clearing agent is required for NCS processing  
Agent handles tariff classification, duty computation, and port liaison
- 3 — SONCAP Certification (Pre-Shipment)**

Conformity assessment conducted at origin by SON-accredited body before goods are shipped  
SONCAP Certificate must accompany shipment documentation — no post-arrival substitute
- 4 — Pre-Arrival Assessment Report (PAAR)**

NCS generates PAAR based on submitted documents; duty amount is assessed at this stage  
PAAR must be obtained before goods arrive at the Nigerian port of entry
- 5 — Port Clearance & Release**

Duty payment, physical examination (if triggered), and final release by NCS  
Delivery order issued; goods transferred to importer's facility

# Government Incentives for Solar Manufacturing Investment

## Reduced / Zero Import Duty

- Capital equipment for approved manufacturing projects may attract 0% duty under CET
- Applicable to machinery not locally produced in Nigeria
- Requires advance approval from the Ministry of Finance / NCS

## Pioneer Status Incentive (PSI)

- Granted by the Nigerian Investment Promotion Commission (NIPC)
- Tax holiday of 3–5 years on company income tax for qualifying industries
- Solar manufacturing is listed as a pioneer industry under the current schedule

## SEZ & Export Processing Zones

- Goods imported into NEPZA or OGFZA zones benefit from duty-free treatment
- VAT and import levy exemptions available for zone-based manufacturers
- Requires formal zone registration and compliance with zone authority rules

# Key Risks in the Import Process

## HS Code Disputes & Reclassification

- NCS officers may override declared HS codes on arrival, triggering higher duty rates
- Manufacturing equipment misclassified as finished goods faces 20–35% duty exposure
- Appeals process is time-consuming — goods may be detained pending resolution

## Documentation & Procedural Delays

- Incomplete Form M, missing SONCAP Certificate, or incorrect HS codes stall PAAR issuance
- Port congestion at Apapa and Tin Can Island can extend clearance by 2–4 additional weeks
- Foreign exchange restrictions may delay LC opening and payment processing

## Bureaucratic & Compliance Risk

- Multiple agencies (NCS, SON, CBN, NAFDAC) each have independent compliance requirements
- Regulatory changes may alter duty rates or certification requirements with limited notice
- Unlicensed or inexperienced agents increase error probability and liability exposure

# Risk Mitigation Strategies

1

## Pre-Shipment Preparation

Obtain binding HS classification advice; complete SONCAP assessment at origin; confirm Form M approval before shipment departs

2

## Qualified Local Partners

Engage a CAC-registered clearing agent with documented experience in capital goods and industrial machinery imports into Nigeria

3

## Incentive Pre-Qualification

Apply for Pioneer Status and duty waivers before shipment; align project structure with NIPC requirements to secure maximum duty relief

- ❏ An experienced European turnkey manufacturing concept provider will typically support the importer through the documentation and classification process — reducing the risk of costly delays at port.

# FAQ Highlights

## Common Questions — Duties & Classification

- **Is solar equipment duty-free in Nigeria?** — Equipment may attract 0–5% under CET; incentives can reduce this to zero with proper pre-qualification
- **What happens if HS codes are disputed?** — Goods may be held at port; formal NCS appeal or legal review is required; pre-classification mitigates this risk
- **Is SONCAP required for all solar imports?** — Yes; solar-related goods are on the regulated products list and require a valid SONCAP Certificate

## Common Questions — Process & Timeline

- **How long does clearance take?** — Typically 2–6 weeks; delays arise from documentation gaps, port congestion, or HS disputes
- **Does a foreign supplier need a local agent?** — Yes; all NCS interactions must be handled by a licensed Nigerian clearing agent
- **Can Pioneer Status be applied retroactively?** — No; NIPC approval must be obtained before project commencement and before goods are imported

# Strategic Conclusion

## Opportunity is Real


Nigeria's energy deficit and import substitution policy create a genuine opening for solar manufacturing investment — with a supportive duty and incentive framework in place

## Process Complexity Is Manageable

The multi-agency import process is navigable with thorough pre-shipment preparation, correct HS classification, and a qualified local clearing agent

## Equipment Import vs. Panel Import

Importing manufacturing equipment rather than finished panels aligns with government incentives, reduces long-term import dependency, and delivers greater economic value

 A proven turnkey manufacturing concept — from a provider with a track record of delivered factory projects — significantly de-risks the equipment import, commissioning, and production ramp-up phases.

# 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](http://www.jvg-thoma.com)

# Contact

J.v.G. Technology GmbH

Möningerberg 1a, 92342 Freystadt, Germany

[info@jvg-thoma.de](mailto:info@jvg-thoma.de) | [www.jvg-thoma.com](http://www.jvg-thoma.com)

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