

Fiscal Implications of the Petroleum Industry Bill (PIB)

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The proposed Petroleum Industry Bill (PIB) has generated a lot of thought provoking discussions and debates within the oil and gas industry. The PIB is intended to establish the framework, institutions and regulatory authorities for the Nigerian petroleum industry, and stipulates guidelines for operations in the upstream, midstream, and downstream sectors.

In focus the upstream sector, some of the objectives are to: 1) provide transparency in upstream petroleum business by harmonized fiscal terms for all participants, 2) encourage indigenous participation in the industry by providing fiscal incentives, 3) provide autonomy to the incorporated National Oil Company to operate as a business entity with financial and operational independence of government, 4) create Incorporated Joint Ventures for existing joint operating agreements to tackle funding issues.

This paper gives an overview of the PIB, with special focus on the fiscal provisions for the upstream operations. The implications for both the Government and the Contractor under the concessionary and production sharing contracts will also be examined.

What are the implications of the volumes & price based royalties?

What are the effects of the new taxation?

These and many more fiscal provisions will be analyzed in great detail.