

# Tatutory body

[Economics](#), [Tax](#)



Pursuant to the above, FL therefore forwarded to CT an invoice of pursuant to Clause 10 of the Agreement. However, by Act's analysis, there were errors In the computation of PPTP In the 2009 tax assessment Issued by FIRS. CT Is also In disagreement with the rate applied by your Company in arriving at the royalty due for the oil produced. It was based on these beliefs, that CT forwarded to your Company the sum of and for tax assessment and royalty respectively totaling CT further requested that your Company challenges the tax assessment at the appropriate forum and re-compute the royalty cording to the established rates.

It Is on the above premise that your Company the following relief: (a) Declarations on the applicable royalty rate and the correct calculation of PPTP returns; (b) and specific damages for payment of the outstanding tax and royalty sums of Looking at the above relief, the issues in question which were submitted to Arbitration arose out of alleged wrong assessment and computation of taxes by your Company due to the FIRS and by extension to the Federal Government of Nigeria. So for all intents and purposes, the claim of your Company before the Orbital Tribunal s in effect for declarations on the applicable royalty rate and calculation of PPTP.

The Federal High Court in the recent decision of Federal Inland Revenue Service Vs... Nigerian National Petroleum Corporation & Others opined thus: " While it is conceded that the Parties are bound by the sanctity of their contracts and the issue in dispute arose out of the Agreement, the question still remains whether Parties can by an Agreement purport to confer Jurisdiction on an Arbitration Tribunal to determine issues relating to taxation of Companies or connected with the Federal

Government Revenue when such Jurisdiction is exclusively conferred on this Court by the Constitution of the Federal Republic of Nigeria. The answer I must say is an emphatic No. In other words, the Constitution of the Federal Republic of Nigeria precludes any other Court in Nigeria other than the Federal High Court, not to talk of an inferior Arbitration Tribunal, from exercising Jurisdiction over tax matters relating to Federal Government Revenue.

Although in simply parlance, one might be quick to say that given that EDP and FIRS re neither parties to the agreement nor parties before the orbital panel, they do not have the locus stands to make such an application. Furthermore, it is a trite principle of Arbitration law that Courts of Law must not be too hasty to make any injunctions or orders affecting arbitration proceedings. Be that as it may, We wish to draw your attention to the recent decision in Federal Inland Revenue Service Vs... Nigerian National Petroleum Corporation & Others wherein the A.

Belle J decided that: incidental thereto. It is not in dispute at all, that the Plaintiff in this case is the traitors body established by Law to wit: Federal Inland Revenue Service (Establishment) Act, 2007 as the Sole Federal Authority responsible for the assessment and collection of Taxes on behalf of the Federal Government of Nigeria. It stands to reason therefore that in any dispute where the Plaintiff perceived that its statutory functions are going to be affected by such dispute it will necessarily have the requisite locus stands to bring an action to seek remedy.

So, to my mind in the instant case, it is preposterous to argue as the 2nd-5th Defendants did, arbitrarily of tax issues arising from production sharing contracts-that the Plaintiff has no locus stands to bring this action in which it alleges that its statutory functions to assess and collect tax for the Federal Government will be adversely affected in the Orbital proceedings between the Defendants in this case, merely on the ground that it is not party to the orbital proceedings.

It is the very reason of its not being a party to the orbital proceedings that makes it imperative for the Plaintiff to file this suit to protect its perceived interest in the subject matter of the arbitration. This Court is not unconcerned at this stage, with whether the Plaintiff will succeed because locus stands of a Plaintiff to sue is not dependent on whether or not its case will succeed. It is against this backdrop that I hold the view that the Plaintiff in this case has the locus stands to bring the present action.

On this score therefore, this Court has the jurisdiction to entertain the case. " From the foregoing decision of the Federal High Court, the Court has taken the stance that if the FIRS perceives that its statutory functions are going to be affected by any dispute, it will have the requisite locus stands to bring an action to seek remedy. The Court accordingly held that FIRS had a basis to bring the action and that the Court has Jurisdiction to entertain the case. This therefore means that the EDP and FIRS may be granted injunctive orders restraining continuation of the arbitration.

Drawing from the above, the decision of the Tax Appeal Tribunal would be binding on CT and its preliminary objection to the Jurisdiction of the Orbital

panel would be upheld. ACT The Nigerian Content Development and Monitoring Board (UNCOMBED)'s directive is made pursuant to the Nigerian Oil and Gas Industry Content Development Act to enhance the level of participation of Nigerian and Nigerian companies in the country's oil and gas industry. The Act provides for the submission of Nigerian Content Plan to form an essential component of bidding for any license, permit or interest in the oil and gas industry.

It contains provisions to ensure that 'first consideration' is given to Nigerian and Nigerian Companies. The local content gives force of law to the Nigerian Content Policy, which are already part of current oil regulations. The local content act establishes a legal and regulatory framework for the involvement of andprocrastinationf indigenous oil and gas companies in the award of oil blocks, oil field licenses, oil lifting licenses and other projects. Under the Nigerian Oil and Gas Industry Content Development Act, rights or interests in an oil mining lease (MOL) may be transferred by assignment.

However, an assignment can only be valid where the consent of the Minister of Petroleum Resources has first been obtained following the fulfillment of the relevant conditions. These conditions include that the proposed assignee: Is of good reputation, a member of a group of companies of good reputation, or is wend by a company or companies of good reputation. Has sufficient technical knowledge and experience, and sufficient financial resources to effectively operate under the license or lease.