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# **NIGERIA'S DEEP OFFSHORE TAX REMISSION ORDER: LEGAL IMPLICATIONS FOR INVESTORS AND LOCAL CONTENT**

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President Bola Tinubu has signed the Deep Offshore Oil and Gas Projects Incentives (Tax Remission) Order, 2026, marking a structural shift in how Nigeria attracts capital into its offshore energy sector. For decades, deep offshore projects have relied on project-by-project negotiations between government and investors a process widely criticized for its unpredictability and slow pace. The new Order dispenses with that model, replacing it with a transparent, rules-based framework applicable across multiple categories of qualifying developments.

From a legal and commercial standpoint, the Order's most significant feature is the Standard Production Tax Credit, offering qualifying oil developments up to \$11.50 per barrel. Eligibility hinges on timing: existing deep offshore leases must reach Final Investment Decision by 31 December 2029 to access the full incentive, while future leases are automatically eligible subject to prescribed conditions. This deadline effectively functions as a legal trigger, compelling investors and their counsel to accelerate contractual and technical readiness well ahead of the cutoff.

The framework also authorizes NNPC Limited, as government's nominated counterparty, to amend eligible Production Sharing Contracts to align with the new incentive structure meaning existing PSC holders should anticipate contract renegotiation processes in the near term.

Critically, the incentives are not unconditional. Projects accessing supplementary benefits must satisfy defined local content requirements, mandating that qualifying activities occur within Nigeria, subject to limited exceptions. This ties fiscal incentives directly to compliance obligations around Nigerian engineering, fabrication, marine logistics and technical services an area investors' legal teams will need to scope carefully before final investment decision.

The \$10 billion Bonga South West project is positioned as the framework's first test case, offering an early indicator of how eligibility criteria and production sharing contracts amendments will be applied in practice. For investors, in-house counsel, and advisers, the Order signals a move toward greater regulatory certainty but one accompanied by firm compliance deadlines and enforceable local content conditions that will require proactive legal structuring rather than passive reliance on the incentive regime.

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