



# **FEDERAL MINISTRY OF FINANCE**

**Office of the Honourable Minister of Finance and Coordinating Minister of the Economy**

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## **Equipment Leasing Registration Authority Guidelines 2024**

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## 1. Definition of terms

- a) **Capital allowance:** Any allowance or other concession granted by the Federal Inland Revenue Service ("FIRS") or other taxing authority to meet any diminish in value of an equipment subject of an equipment lease
- b) **Cross-border lease:** A lease in which the lessee and/or lessor is non-resident of Nigeria
- c) **Equipment:** the Equipment specified in Category A - G including each and every component, part, record, manual and handbook in respect of such Equipment together with all replacements, renewals and additions made from time to time to such Equipment, which shall form an integral part of the Equipment and shall become the property of the lessor and subject to this agreement

### **Category A - G will include:**

- i. **Category A:** Vehicles (e.g. Cars, buses, motorcycles, trucks and trailers, motorbikes and tricycles)
- ii. **Category B:** Construction equipment (e.g. excavators, bulldozers)
- iii. **Category C:** Agricultural equipment (e.g. tractors, harvesters, tower cranes)
- iv. **Category D:** Office and IT equipment (e.g. computers, printers)
- v. **Category E:** Industrial equipment (e.g. generators, forklifts, cooling systems)
- vi. **Category F:** Healthcare equipment (e.g. diagnostic machines)
- vii. **Category G:** Specialised equipment (e.g. equipment utilised in oil and gas, maritime, and aviation sectors)
  - Category A - G is subject to review at the discretion of the Minister

The Equipment set out under each category above are merely indicative and descriptive of the class and not exclusive or exhaustive

- d) **Finance lease:** A lease involving rental payment over an agreed period sufficient in total to amortise the capital outlay of the lessor or part thereof, together with some return on capital for the lessor; and, with an option of purchase by the lessee at the expiration of the lease period.
- e) **Lease agreement:** A written agreement between the lessor and the lessee for the lessee's use in consideration of the payment of an agreed rental over a specified period for:
  - i. either the lessor's own already acquired equipment; or
  - ii. Any equipment the lessor agrees to acquire from a third-party supplier, whether selected by the lessee or not, which will remain the lessor's property with full legal ownership for the entire lease period
- f) **Lessor:** Any person who under an equipment lease agreement transfers to another person or body (the lessee) the possession and right to use an equipment in return for an agreed consideration for an agreed period, with or without an option to purchase at the expiration of the lease period.
- g) **Leveraged lease:** A lease involving a lessor, lessee and a lender that supplies the greater part of the purchase price of equipment lease

- h) **Minister:** the Minister of Finance
- i) **Non-cancellable period:** Such period within which an equipment lease agreement is cancellable only:
  - i. On the occurrence of a force majeure event as agreed by the parties or where it is no longer possible for the parties to perform their obligations as agreed;
  - ii. By mutual agreement; or
  - iii. By operation of law
- j) **Operating lease:** A lease involving rental payment over the lease period during which the equipment is not wholly amortised
- k) **Option:** Any provision in an equipment lease agreement dealing with the disposal of the equipment at the expiration of the lease
- l) **Rental:** means the total consideration payable by the lessee to a lessor under an equipment lease inclusive of any sum payable as management fees, services or other charges or any part thereof payable at specified intervals
- m) **Sale and leaseback:** A lease where the lessee (owner of an equipment) sells the equipment to the lessor and simultaneously leases it back from the lessor (the new owner)
- n) **Supervisory Ministry:** This refers to the Ministry of Finance
- o) **Supplier:** A person (other than lessor or lessee) who in the ordinary course of business supplies any equipment to a lessor or a lessee which equipment are the subject of a lease between the lessor and the lessee
- p) **Syndicated lease:** A lease involving more than one lessor who jointly lease, an equipment to a single lessee
- q) **Third party:** Any person or body other than the lessor or lessee under an equipment lease and not being a lawful assignee, or sub-lease there under

## **2. Introduction**

Globally, equipment leasing is recognised and established as a significant tool for enhancing capital formation in the economy, through structured access to much-needed assets for productive ventures. Today, the impact of leasing is pronounced in all sectors of the economy, enhancing capital formation, generating employment, and creating wealth.

In 2015, the Equipment Leasing Act (“ELA” or the “Act”) was enacted and published in Gazette No. 78, Vol. 102 as part of the Federal Government (“FG”) support framework to further enhance the contribution of leasing to the economy. The Act brings together relevant stakeholders under a public-private partnership arrangement to enhance its developmental objective with the Ministry of Finance as the supervisory Ministry for the leasing industry.

A key aspect of the implementation of the Act is the establishment of the Equipment Leasing Registration Authority (“ELRA” or the “Registration Authority”). To give full effect to the intent and purport of the Act, the Authority was inaugurated on 19th May, 2023.

Consequently, these guidelines are issued by the Minister of Finance, pursuant to Section 9 and 11 of the Equipment Leasing Act 2015 to enable the functionality of the Authority.

## **3. Vision and mission**

- a) **Vision statement:** Transforming the equipment leasing landscape in Nigeria
- b) **Mission statement:** Empowering businesses, strengthening oversight, and fuelling economic development

## **4. Scope**

These guidelines apply to both finance and operating leases and their variants including syndicated lease, sale and leaseback, cross border lease, leveraged lease, and any other as approved by the Minister of Finance. The scope outline provisions for:

- a) Registration of a person carrying on business as an equipment lessor
- b) Registration of an equipment lease agreement
- c) Public search of the register of an equipment lease
- d) Investigation of incidence of default
- e) Registration and notarisation fees

## **5. Purpose**

These guidelines are intended to facilitate the attainment of the overall objective of the Act in promoting the business of leasing while balancing the interests of stakeholders by ensuring flexibility and ease of registration and public search primarily to:

- a) Enhance investors' confidence, protect and promote investment in the leasing industry
- b) Encourage compliance and more participation in the leasing industry
- c) Ensure standardisation in the practice of leasing in Nigeria
- d) Ensure that leasing companies are operating in a sound and responsible manner
- e) Create a public record of lease agreements and protect the interests of the lessor and the lessee
- f) Stimulate foreign direct investment through equipment leasing
- g) Provide access to capital to boost leasing activities within Nigeria

## **6. Duties of the Registration Authority**

The duties of the Registration Authority as conferred by Section 9 of the Equipment Leasing Act encompass:

- a) Registering lease agreements and lessors
- b) Determining eligibility of persons and requirements seeking to be registered
- c) Investigating the affairs of persons registered if necessary
- d) Registering and investigating the incidence of default
- e) Establishing and maintaining a register of persons entitled to carry on the business of leasing
- f) Undertaking other activities to give effects to the Act and other functions conferred by the Act
- g) Any other responsibility as may be directed by the Minister of Finance

## **7. Legal framework**

ELRA derives its legal basis from Section 9 of the ELA, which vests ELRA with the responsibility of the registration of:

- a) equipment lease agreements
- b) lessors and
- c) any other responsibility as directed by the Minister which includes duty to:
  - i. Determine in accordance with the provisions of the Act persons who are eligible to carry on the business of equipment leasing
  - ii. Determine the requirements to be met by persons seeking to be registered to carry on the business of equipment leasing and review such requirements from time to time
  - iii. Register persons carrying on or intending to carry on business as equipment lessor
  - iv. Establish and maintain a register of persons entitled to carry on the business of equipment leasing and the production from time to time, of a list, of these people

- v. Register equipment lease agreements
- vi. Conduct an investigation into the affairs of persons registered under the Act when necessary or expedient to give full effect to the provisions of the Act
- vii. Register and investigate the incidence of default by lessees;
- viii. Undertake any other activity that is necessary or expedient for the purpose of giving full effect to the provisions of the Act; and
- ix. Perform other functions conferred on the Authority by the Act

Section 11 of the ELA also confers upon the Minister the authority to issue guidelines as he considers necessary for implementing the provisions of section 9 and including guidelines relating to:

- a) Stamp duties payable
- b) Registration and
- c) Procedure for filing an application for registration and cancellation of registration

#### **8. Registration process for lessors**

- a) Any person seeking to obtain registration as a person carrying on or intending to carry on the business of equipment leasing as equipment lessor shall apply to the Registration Authority through the ELRA portal
- b) Such a person shall be a limited liability incorporated in Nigeria or any other business form legal and valid under the laws of Nigeria and the application shall, be accompanied by the following:
  - i. In the case of a company, a copy of the certificate of incorporation and particulars of the directors. In any other case, such relevant establishment documents as recognised by law
  - ii. In the case of a company, a copy of the Memorandum of Association ("MoA") and Articles of Association ("AoA"), and for other entities such documents, which expressly authorise carrying on the business of equipment leasing
  - iii. Payment of the prescribed non-refundable application fee
  - iv. For an existing business, audited financial statements for the year immediately preceding the application
  - v. Corporate profile including the organisational structure of the business, stating the functions and responsibilities of the top management team. Also, the names and curriculum vitae ("CV") of each member of the Board of Directors or the governing body of the business
- c) Existing lessors shall apply for registration not more than 45 days from the commencement of these guidelines. Non-compliance within the stipulated time shall attract a penalty of late registration fee as stated in the schedule of fees
- d) Registration shall be renewed annually not later than the end of the first quarter of each year at a non-refundable fee prescribed by the Authority from time to time. Failure to

renew a registration within the prescribed timeline shall attract imposition of default daily fees in a sum equal to 50% of the registration fees

- e) All applications for registration and renewal (together with the supporting documentation) shall be made electronically through the ELRA portal and subsequent submission of hard copies of documents filed as may be required by the Authority
- f) The Registration Authority shall, no later than 15 business days from the submission of the application, register an applicant. However, if the Registration Authority requests additional information or raises queries on an application, the stated timeline will be subject to the receipt of the requested information from the applicant
- g) The Registration Authority shall, subject to the approval of the Minister, review the conditions of registration every three (3) years

## **9. Registration of lease agreement**

- a) Any equipment lease agreement executed in Nigeria, or to which a Nigerian person is a party, or where the obligations under the agreement are to be performed in Nigeria in whole or in part, shall be registered with the Registration Authority no later than 14 days from the date of execution of the agreement
- b) All existing lease agreements made prior to the implementation of these guidelines must be brought into compliance within three (3) months of the enactment date
- c) An application for the registration of a lease agreement shall be conducted through the ELRA portal and shall be accompanied by:
  - i. Payment of the applicable prescribed fee
  - ii. A copy of the lease agreement
  - iii. Evidence of title to the leased asset
- d) In a lease contract where, Nigerian Law is the governing law of the lease, the lease agreement shall be registered with the Registration Authority in accordance with these guidelines
- e) The Registration Authority shall upon being satisfied the application complied with the provisions of the Act and guidelines, issue an electronic certificate of registration
- f) The registration of a lease agreement shall constitute constructive notice to any third party of the facts and terms of the lease agreement
- g) Non-registration of a registrable lease agreement made the agreement inadmissible in evidence before any court, tribunal, or panel, whether for arbitration or otherwise
- h) Cross-border lessors and leases: Where a lessee is in possession of a cross-border lease and not registered in Nigeria, such lease equipment should be reported to ELRA within 30 days of its arrival to Nigeria, stating its purpose and area of operation
- i) Temporary importation of lease equipment: Where a business acquires a lease equipment as a temporary importation into Nigeria, such equipment will be subject to ELRA Act and these guidelines

## **10. Public search on the register of equipment lease agreements**

- a) A public search can be conducted on the register of equipment lease agreements, which provides details of the lessor, lessee, and the equipment involved in the lease agreement
- b) Searches can be conducted electronically through the ELRA portal upon payment of the prescribed fee
- c) Upon request and payment of the required fee, the Registration Authority will provide a certified true copy of the relevant entry in the register for a specific equipment lease agreement
- d) Upon payment of the prescribed fee, the Registration Authority shall make available for public search the following information:
  - i. **Corporations:** The full legal name of the company, its registered company ("RC") number, official company email address, a description of the equipment under lease, and the duration of the lease agreement
  - ii. **Individuals:** The full legal name of the individual, official email address, a description of the equipment under lease, and the duration of the lease agreement
- e) Any party seeking information beyond the details specified above must submit a formal request accompanied by a court affidavit justifying the need for disclosure. The Registration Authority reserves the right to assess the adequacy of the justification and may, in its discretion, deny the release of such additional information if deemed insufficient or inappropriate
- f) In the event that the Registration Authority approves the request for further disclosure, the Registration Authority shall issue a Certified True Copy of the lease agreement and any other information not disclosed in the initial search
- g) ELRA shall not be held liable for any misuse of information legally obtained from it. Any party who uses information obtained from the Authority for any purpose other than as stipulated or approved by the Registration Authority shall be liable for any penalties imposed under the Nigeria Data Protection Regulation ("NDPR") 2019 and any other applicable laws

## **11. Schedules of fees**

The following fees are applicable for the ELRA:

- i. Registration
- ii. Renewal of registration
- iii. Registration of a lease agreement
- iv. Public search
- v. Filing of changes in particulars of the Lessor
- vi. Filing of changes to a lease agreement
- vii. Penalties: This includes an administrative penalty for late registration of the lessor, or for removal of leased equipment from Nigeria without the lessor's

permission, or for failure of the lessee to provide information on the leased equipment

viii. Investigation of incidences of default by lessees

| Schedule of fees for ELRA |                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| S/N                       | Item                                                                                                                                                                                                                                             | Applicable fee (₦)                                                                                                                                                                                                                                                                                                                                                           |
| 1                         | <b>Registration:</b>                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                              |
|                           | a) Company with less than ₦100.00 million share capital or with less than ₦500.00 million annual value of leased portfolio<br>b) Company having share capital of ₦100.00 million and above or ₦500.00 million annual value of leased portfolio   | 100,000.00<br><br>250,000.00                                                                                                                                                                                                                                                                                                                                                 |
| 2                         | <b>Renewal of registration:</b>                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                              |
|                           | a) Company with less than ₦100.00 million share capital or with less than ₦500.00 million annual value of leased portfolio<br>b) Company having a share capital of ₦100.00 million and above or ₦500.00 million annual value of leased portfolio | 50,000.00<br><br>100,000.00                                                                                                                                                                                                                                                                                                                                                  |
| 3                         | <b>Registration of a lease agreement</b>                                                                                                                                                                                                         | The higher of ₦10,000.00 or: <ul style="list-style-type: none"> <li>▪ <b>Category A:</b> 0.20% of the lease agreement</li> <li>▪ <b>Category B:</b> 0.25% of the lease agreement</li> <li>▪ <b>Category C:</b> 0.25% of the lease agreement</li> <li>▪ <b>Category D:</b> 1.00% of the lease agreement</li> <li>▪ <b>Category E:</b> 0.50% of the lease agreement</li> </ul> |

|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>▪ <b>Category F:</b> 0.20% of the lease agreement</li> <li>▪ <b>Category G:</b> 0.05% of the lease agreement</li> </ul> <p>a) This is based on the cost, size, and weight of the equipment to be leased</p>                                                                                                                                                                                                                                                                                |
| 4 | <b>Public search:</b><br><br><b>Electronic search</b>                                                                                                                                                                                                                                                                                                                                                                                                                         | 5,000.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 5 | <b>Filing of changes in lessor documentation</b>                                                                                                                                                                                                                                                                                                                                                                                                                              | 50,000.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 6 | <b>Filing of changes to a lease agreement</b>                                                                                                                                                                                                                                                                                                                                                                                                                                 | 20,000.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 7 | <b>Penalties</b><br><b>Penalty for late registration as lessor</b><br>a) Company with less than <del>N</del> 100.00 million share capital or with less than <del>N</del> 500.00 million annual value of leased portfolio<br>b) Company having a share capital of <del>N</del> 100.00 million and above or <del>N</del> 500.00 million annual value of leased portfolio<br><br><b>Penalty for the removal of leased equipment from Nigeria without the lessor's permission</b> | 100,000.00<br><br>250,000.00<br><br>The higher of <del>N</del> 50,000.00 or: <ul style="list-style-type: none"> <li>▪ <b>Category A:</b> 0.20% of the leased equipment value</li> <li>▪ <b>Category B:</b> 0.25% of the leased equipment value</li> <li>▪ <b>Category C:</b> 0.25% of the leased equipment value</li> <li>▪ <b>Category D:</b> 1.00% of the leased equipment value</li> <li>▪ <b>Category E:</b> 0.50% of the leased equipment value</li> <li>▪ <b>Category F:</b> 0.20% of the leased equipment value</li> </ul> |

|   |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|---|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   | <p><b>Penalty charge for failure of the lessee to provide information on the leased equipment</b></p> | <ul style="list-style-type: none"> <li>▪ <b>Category G:</b> 0.05% of the leased equipment value</li> </ul> <p>If a lessee, without reasonable cause, fails to give information requested under section 27 subsection (1) of the ELA within 14 days of receipt of a written request, the lessee commits an offence and is liable on conviction to a fine not less the higher of ₦50,000.00 or:</p> <ul style="list-style-type: none"> <li>▪ <b>Category A:</b> 0.20% of the leased equipment value</li> <li>▪ <b>Category B:</b> 0.25% of the leased equipment value</li> <li>▪ <b>Category C:</b> 0.25% of the leased equipment value</li> <li>▪ <b>Category D:</b> 1.00% of the leased equipment value</li> <li>▪ <b>Category E:</b> 0.50% of the leased equipment value</li> <li>▪ <b>Category F:</b> 0.20% of the leased equipment value</li> <li>▪ <b>Category G:</b> 0.05% of the leased equipment value</li> </ul> |
| 8 | <p><b>Investigation of incidences of default by lessees</b></p>                                       | <p><b>1.00% of the default amount to be charged to the lessee</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

### 10a. Review and adjustment of fees

The Registration Authority shall review the lease registration fees every three (3) years or as it deems necessary to ensure that they are still fair and equitable. The fees may be adjusted based on changes in the cost of providing registration services, economic conditions, or other factors.

### 12. Guidelines for the Equipment Leasing Registration Authority Fund

Section 10 requires the establishment of Equipment Leasing Registration Authority Fund (the "Fund") for the Authority, which shall be managed for the purposes of the ELA

- a) The following shall be paid into the Fund:
  - i. All fees and other payments due to the Registration Authority under the Act

- ii. Any additional funds payable to the Registration Authority, whether related to its functions or otherwise
- b) There shall be paid out of the Fund of the Registration Authority:
  - i. The remuneration and allowances of the registration and employees of the Registration Authority
  - ii. Reasonable travel and subsistence allowances for members of the Registration Authority for time spent on official duties, as determined by the Authority with the Minister's approval
  - iii. Financial aid or loans for leasing businesses and transactions in Nigeria
  - iv. Remuneration of technical and third-party services and;
  - v. Any other expenses incurred by the Registration Authority in the discharge of its functions under the ELA
- c) The Registration Authority shall prepare and submit to the Minister not later than 30<sup>th</sup> day of June of each year an estimate of the income and expenditure of the Registration Authority for the next year
- d) The Registration Authority shall maintain accurate accounts and proper records for each year. It must ensure that these accounts are audited within three (3) months after the end of the financial year

This Guidelines may be cited as the Equipment Leasing Registration Authority Guidelines 2024. The Guidelines supersede any other guideline in connection with the Authority.

Made at Abuja this 20<sup>th</sup> Day of December 2024



Wale Edun, OFR

Honourable Minister of Finance and Coordinating Minister of the Economy