



Nigeria's Import Duty Cuts for SMEs: Trade Reform or Temporary Relief?

Introduction

Nigeria's 2026 Fiscal Policy Measures, effective 1 April 2026, introduce tariff changes aimed at moderating inflation and reducing business costs. Key measures include reduced duties on selected vehicles, food and industrial inputs, a revised tariff schedule covering 127 product lines, and a 90-day grace period for qualifying pre-existing "Form M" and irrevocable trade transactions.

For small and medium-sized enterprises (SMEs)—particularly in manufacturing, agriculture, food processing, and transportation—these changes may offer short-term cost relief. However, the extent of

the benefit will depend on implementation, logistics efficiency, and foreign exchange conditions.

Key Highlights

- **Lower tariffs on vehicles:** Duties on fully built passenger vehicles, four-wheel-drive vehicles, and station wagons have been reduced from 70% to 40%, with potential knock-on effects on transport and logistics costs.
- **Tariff reductions on selected inputs:** Duties have been reduced on items such as crude palm oil, raw sugar, rice, and certain



pharmaceutical products under the revised 127-line schedule.

- **Introduction of Import Adjustment**

Tax: A new tax applies across 192 tariff lines, alongside the continued application of the import prohibition list for certain goods from non-ECOWAS countries.

- **Existing reliefs remain relevant:**

Strategic exemptions from the 4% Free-on-Board (FOB) levy continues for manufacturers importing raw materials, machinery, and spare parts under Chapters 98 and 99 of the ECOWAS Common External Tariff.

Implications for SMEs

- **Potential reduction in input costs:**

SMEs importing machinery, agricultural inputs, steel products, sugar, palm oil, or transport assets may see lower total import (landed) costs, including duties, shipping, and related charges. The savings are real, but they are also conditional.

- **Impact on logistics and operations:**

The reduction in vehicle tariffs is likely to filter through to fleet acquisition and replacement costs, easing one of the more persistent overheads for SMEs in distribution-heavy sectors. The pace of pass-through, however, will be uneven.

- **Implementation risk:**

Cost savings will depend on efficient customs processes and whether reductions are passed through

the supply chain rather than absorbed by intermediaries.

- **Foreign exchange constraints:**

Lower duties do not address the high cost and volatility of accessing foreign exchange, which may offset expected savings.

- **Competitive pressure:**

Cheaper imports may increase competition for local producers, particularly smaller manufacturers without scale advantages.

Practical Steps for SMEs

- **Review import exposure:** Identify whether your inputs or products fall within the revised tariff lines and assess the impact on pricing and margins.

- **Confirm tariff classification:** Ensure correct classification of goods to avoid reassessments, delays, or penalties that could erode expected savings.

- **Revisit supply arrangements:** Where procurement is through intermediaries, renegotiate terms to reflect any duty reductions.

- **Manage FX risk:** Factor exchange rate volatility into pricing and procurement decisions.

- **Diversify supply chains:** Use short-term relief as an opportunity to explore local sourcing and reduce reliance on imports over time.

The Road Ahead

Nigeria's tariff adjustments may provide targeted, short-term relief for SMEs, but the benefits will not be automatic. Real value will depend on how businesses respond—through pricing, sourcing, and compliance strategy. SMEs that actively align their import structures and documentation with the new regime will be better positioned to capture available savings while managing regulatory risk.

For guidance on structuring your import operations to access available reliefs and avoid compliance pitfalls, contact info@scp-law.com or visit www.scp-law.com.