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LAGOS TO GLOBAL MARKETS: THE COMMERCIAL PROMISE OF ITANA



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Introduction

Ngeria's technology economy has always presented an interesting contradiction. Many technology businesses are founded, built and run largely from Nigeria, with Nigerian talent driving much of their operations. Yet, when it comes to where these businesses are incorporated, where their intellectual property is held or how they raise investment, the structure is often offshore. Itana, Nigeria's first licensed digital free zone, seeks to address this gap by adapting the country's existing free-zone framework to the realities of technology, finance and service businesses that do not necessarily require factories, warehouses or a significant physical presence to operate.

The initiative has gained further momentum following the Federal Government's decision in September 2026 to move the Digital Free Zones programme into the implementation stage. President Bola Ahmed Tinubu directed the Minister of Industry, Trade and Investment, Dr Jumoke Oduwole, working with the Presidential Steering Committee on Digital Free Zones and the Itana Innovation project, to develop a roadmap for the full launch of the initiative within 180 days. The project has also attracted significant institutional backing, with the Presidency stating that the Africa Finance Corporation (AFC) is supporting the US$500 million Itana Innovation project at Alaro City, Lagos.

From industrial free zones to digital businesses

Nigeria's free-zone framework was originally designed largely around export processing, manufacturing, warehousing and the physical movement of goods. Digital businesses, however, operate quite differently. A software company, for example, may have its developers in Abuja, customers in Europe, investors in the United States and cloud infrastructure spread across different jurisdictions, without the need for a conventional factory or industrial facility. For businesses of this nature, the key regulatory considerations are less about moving physical goods and more about issues such as incorporation, licensing, taxation, banking, immigration, intellectual property, data, movement of capital and access to international markets.

Itana seeks to adapt the traditional free-zone model to this new way of doing business. The current list of operational zones within Nigeria Export Processing Zones Authority (NEPZA) identifies the Itana Free Zone Management Company in Lagos as a zone focused on digital technology, services and virtual activities. In practical terms, the Itana model is intended to allow qualifying technology, finance and service businesses to establish a Nigerian Free Zone Enterprise (FZE) and operate within an environment designed specifically for digital and internationally focused businesses.

Legal and institutional foundation

Itana does not operate as a separate private legal jurisdiction outside Nigerian law. Rather, its legal foundation is anchored within the existing NEPZA framework. This is an important distinction, as businesses operating through Itana remain subject to Nigeria’s applicable free-zone legislation, NEPZA regulations and other relevant laws governing their activities.

Historically, the project began as Talent City before it was subsequently rebranded as Itana. In 2024, the AFC announced a partnership with Itana to develop a digital economic zone for technology, finance and service businesses. Under the arrangement, AFC indicated that it would support the project’s development and lead financing for its first phase, which was then estimated at approximately US$100 million.

More recently, the project has gained further momentum with the Federal Government’s announcement of a broader US$500 million Itana Innovation project at Alaro City. This development reflects the growing institutional support for the initiative and its wider role in Nigeria’s emerging digital free-zone strategy.

How the model is intended to work

For eligible business, the Itana model brings together company registration, a free-zone operating structure and a range of business support services. Itana currently offers a first-year Free Zone Enterprise (FZE) package at US$2,000 and states that, once an application has been approved, the business registration certificate and operating licence can be issued within 48 hours. It is important, however, to put this timeframe in context. The 48-hour period relates to the issuance of the relevant documents following approval and does not necessarily mean that the entire onboarding process will be completed within two days. Other processes, such as opening a business bank account, may take longer.

NEPZA's published requirements also provide some clarity on how the process works. An application to establish an FZE is made through the relevant Zone Management Company. The applicant must be a registrable business entity intending to operate within a declared free zone, carry on an approved activity and provide the required corporate and identification documents. The operating licence is particularly important, as it provides the formal authorisation for the enterprise to commence and carry on its approved activities within the free zone.

What may make Itana commercially attractive

The commercial appeal of a digital free zone goes beyond faster company registration. For technology and service businesses, the real attraction is the ability to bring together several requirements that would ordinarily have to be addressed separately. These include establishing a Nigerian legal presence, accommodating foreign ownership, accessing immigration support and multi-currency banking services, operating within an export-focused regulatory framework, and becoming part of a wider network of founders, investors and professional advisers.

Itana also seeks to address a broader issue within Nigeria's technology ecosystem. Nigerian founders have often established holding companies in foreign jurisdictions, partly because international investors are more familiar with those legal and investment structures and because fundraising, shareholder arrangements and the ownership of intellectual property may be easier to structure through them. A well-functioning digital free-zone regime could provide an alternative for some businesses, allowing them to retain more of their corporate presence and intellectual property in Nigeria while continuing to raise capital and serve customers in international markets.

The tax position requires particular care

Tax incentives are understandably one of the major attractions of the free-zone model. However, free-zone status should not be understood as providing an automatic or blanket tax exemption. The Nigeria Tax Act 2025, which took effect on **1 January 2026**, introduced important changes to the taxation of Free Zone Enterprises (FZEs). Under the current regime, the extent to which an FZE enjoys income tax exemption depends, among other considerations, on the proportion of its business attributable to exports and its dealings with Nigeria's customs territory.

Generally, an FZE may enjoy full tax exemption where the applicable statutory conditions relating to its export activities are satisfied. Where the enterprise sells goods or provides services into Nigeria's customs territory, however, Nigerian tax liabilities may arise. The regime is also expected to become more restrictive from 1 January 2028 in relation to transactions with the customs territory, subject to the provisions of the legislation and any subsequent amendments or extensions. Importantly, operating within a free zone does not necessarily remove tax registration, filing and compliance obligations. Depending on the nature of the business and the particular transaction, VAT, withholding tax, transfer pricing and minimum effective tax requirements may also need to be considered.

For businesses considering Itana, the practical point is that the advertised tax advantages should be assessed against the company's actual operations rather than assumed to apply automatically. The tax position will depend on factors such as the nature of the business, where its customers are located, the services it provides, how its revenues and payments are structured, any related-party transactions and the extent to which it does business within Nigeria's customs territory. For this reason, the tax implications should ideally be considered as part of the structuring process before establishing the FZE.

Foreign ownership, mobility and banking

The free-zone framework permits 100% foreign ownership, which may be relevant to international founders and investors who do not require a Nigerian joint-venture partner. Itana also offers immigration and visa support and markets its model as avoiding the conventional expatriate-quota process applicable to many businesses outside the zones. These advantages remain subject to the applicable immigration and free-zone rules.

Multi-currency banking support is another important part of the proposition.

For export-oriented technology and professional-service businesses, the ability to receive investment or customer revenue in foreign currency and repatriate funds efficiently can be as important as the corporate vehicle itself. The practical effectiveness of this feature will depend on participating financial institutions, foreign exchange conditions and the documentation required for particular transactions.

Why the initiative matters beyond Itana

The importance of Itana goes beyond the success of the zone itself. At a broader level, the Federal Government sees the Digital Free Zones initiative as a way of making it easier for Nigerian technology and service companies to raise international capital, employ local talent and serve global markets without necessarily moving their businesses and intellectual property outside Nigeria. To support this objective, the Presidential Steering Committee is expected to address some of the practical issues that affect internationally focused businesses, including regulation, taxation, banking, immigration, arbitration and the digitisation of government processes within the free-zone framework.

If properly implemented, the model could also provide a different route for attracting foreign direct investment into Nigeria. Unlike traditional industrial investment, a software, fintech or professional services company may not require a large factory, warehouse or other major physical infrastructure. It will, however, still require a reliable corporate structure, a predictable regulatory environment, access to banking services and skilled personnel, enforceable contracts and an efficient means of bringing capital into Nigeria and repatriating funds where necessary.

Intellectual property is equally important. For many technology businesses, some of their most valuable assets are not physical assets but software, data, trademarks, proprietary technology and know-how. If the digital free-zone framework can provide an environment in which businesses are comfortable owning, developing and commercialising these assets from Nigeria, it could help retain a greater share of the value created by Nigerian businesses and talent within the country.

What businesses should examine before choosing the zone

While the Itana model offers a number of potential advantages, it may not be suitable for every business and should not automatically be regarded as a replacement for a conventional Nigerian company or an offshore holding structure.

Founders and investors considering the zone should first assess whether the structure fits the nature and long-term direction of the business. This would include considering the company's proposed activities, customer base, ownership and fundraising arrangements, tax position, intellectual property structure, licensing requirements, data protection obligations, banking needs and the extent to which it intends to transact within Nigeria's customs territory.

Businesses operating in regulated sectors will need to pay particular attention to their sector-specific requirements. An FZE operating licence does not, on its own, replace approvals or licences that may be required from regulators such as the Central Bank of Nigeria (CBN), Securities and Exchange Commission (SEC), Nigerian Communications Commission (NCC), National Insurance Commission (NAICOM) or other relevant authorities. Investors should also carefully consider the FZE's constitutional and contractual arrangements, dispute resolution provisions, exit options and what happens to the business and its investments if it subsequently restructures or moves to another jurisdiction.

What remains to be tested

Ultimately, the success of Itana will depend less on the attractiveness of the concept and more on how effectively it works in practice. The model requires coordination between the various government institutions responsible for free zones, taxation, banking, immigration, investment and other regulated activities. It will also have to operate within the realities of Nigeria's foreign-exchange environment, particularly where businesses need to receive foreign currency, move capital across borders or repatriate profits and investment proceeds.

It is also worth noting that some of the currently available information on matters such as processing timelines, pricing and business outcomes comes from Itana itself. While this information is useful in understanding what the zone offers, businesses and investors should distinguish between Itana's commercial offering, NEPZA's regulatory requirements and the rights or incentives provided under Nigerian law. As the initiative develops and more businesses begin operating under the framework, clearer regulatory guidance and practical experience will provide a better basis for assessing how effectively the model works.

Conclusion

Itana represents an important attempt to adapt Nigeria's existing free-zone framework to the realities of technology and digital businesses. At the heart of the initiative is a fairly straightforward proposition: a technology or service company should be able to build its business from Nigeria, access international capital and customers, employ Nigerian talent, and retain more of its intellectual property and enterprise value within the country.

The Federal Government's decision to move the Digital Free Zones initiative into the implementation phase gives further institutional backing to this proposition. However, the incentives offered by the free-zone structure should not take the place of proper legal, tax and commercial planning. For founders and investors, the more important question is whether the FZE structure is suitable for the company's particular business model, revenue streams, regulatory requirements, funding needs and long-term expansion plans.

The next 180 days will therefore be worth watching. Much will depend on whether the proposed coordination across regulation, taxation, banking, immigration, arbitration and digital government services translates into clear and workable processes that businesses can rely on in practice. The outcome of the work of the Presidential Steering Committee on Digital Free Zones, particularly in relation to the Itana Innovation project, should provide greater clarity on the direction of the initiative.

Syntegral Legal Practitioners will continue to monitor developments in this area and provide further updates and practical guidance as the regulatory and implementation framework evolves.

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