Chambers AND PARTNERS

CHAMBERS GLOBAL PRACTICE GUIDES

Aviation: Finance & Leasing 2026

Definitive global law guides offering comparative analysis from top-ranked lawyers

Nigeria

Law and Practice
Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Oluwasola Adepoju

Trends and Developments
Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Favour Osayuwamen

Streamsowers & Köhn

NIGERIA

Law and Practice

Contributed by:
Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Oluwasola Adepoju
Streamsowers & Köhn

Contents

1. Aircraft and Engine Purchase and Sale p.4
1.1 Sales Agreements p.4
1.2 Taxes/Duties Payable Upon Execution of a Bill of Sale p.4

2. Aircraft and Engine Leasing p.5
2.1 Overview p.5
2.2 Lease Terms p.6
2.3 Lease Registration p.6
2.4 Lessor's Liabilities p.8
2.5 Insurance and Reinsurance p.9
2.6 Lease Enforcement p.9
2.7 Lease Assignment/Novation p.11
2.8 Aircraft Deregistration and Export p.12
2.9 Insolvency Proceedings p.14
2.10 Cape Town Convention and Others p.16

3. Aircraft Debt Finance p.17
3.1 Structuring p.17
3.2 Security p.18
3.3 Liens p.20
3.4 Enforcement p.20

4. Other Issues of Note p.21
4.1 Issues Relevant to Domestic Purchase, Sale, Lease or Debt Finance of Aircraft p.21
4.2 Current Legislative Proposals p.21

Streamsowers & Köhn (SSK) is a leading commercial law firm, which provides legal advisory services to a varied clientele that includes Nigerian and international companies and organisations, governments and government departments, and individuals. SSK operates out of offices in Lagos, Abuja and Port Harcourt. The firm's partners are recognised as leading lawyers both in local and international legal circles. SSK covers the spectrum of legal advisory and advocacy services by deploying lawyers with extensive experience who specialise in diverse areas of law. The strength of SSK lies in the wealth of its experience, which enables the firm to proffer innovative ideas and solutions geared towards ethically achieving the aims and objectives of its clients.

Authors

Tamuno Atekebo is a partner at Streamsowers & Köhn and heads the corporate commercial practice group. He advises local and international clientele on project finance regulatory compliance, corporate restructuring and capital markets. He has more than three decades of experience in legal practice.

Chinasa Unaegbunam is a Senior Advocate of Nigeria and a fellow of the Chartered Institute of Arbitrators (UK). She is a partner at Streamsowers & Köhn with more than two decades' experience in aviation law, litigation and arbitration, specialising in commercial disputes. Chinasa served as vice chair of the Aviation Committee of the Nigeria Bar Association Section on Business Law from 2016 to 2022, and subsequently, as chair of the same committee from 2022 to 2024. She has represented several clients in the aviation industry and worked on the declarations made by Nigeria under the Cape Town Convention. She is a member of the Advisory Board of the Hague Court of Arbitration for Aviation (HCAA).

Naomi Kabowei is an associate in Streamsowers & Köhn's corporate commercial practice group. She advises local and international clients on matters of corporate governance, regulatory compliance, capital markets, and capital financing. She has experience representing borrowers on multi-jurisdictional acquisition financing and reserve-based lending.

Oluwasola Adepoju is an associate in Streamsowers & Köhn's corporate commercial practice group. He has experience advising on aviation finance and leasing transactions, banking and finance, capital markets, real estate, regulatory compliance, and corporate governance. He regularly advises local and international clients on financing structures, security arrangements, transactional documentation, and compliance with Nigerian regulatory frameworks.

Streamsowers & Köhn

852b Bishop Aboyade Street
Victoria Island
Lagos
Nigeria

Tel: +234 1271 2276
Fax: +234 1271 2277
Email: info@sskohn.com
Web: www.sskohn.com

Contributed by: Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Oluwasola Adepoju,
Streamsowers & Köhn

1. Aircraft and Engine Purchase and Sale

1.1 Sales Agreements

1.1.1 Taxes/Duties Payable Upon Execution of the Sales Agreement

Stamp Duty

In Nigeria, the execution of an aircraft or engine sale agreement will attract stamp duties at an ad valorem rate of 1.5%.

Capital Gains Tax

Capital gains tax will apply to gains accruing to domestic parties on the sale of an aircraft or engine. Capital gains are taxed based on the size of the company: the rate for small companies is 0%, while for other companies, it is 30%. For this purpose, a small company is one with an annual gross turnover of NGN50 million or less and total fixed assets not exceeding NGN250 million. An exemption applies to gains arising from the sale of ownership interests in Nigerian companies where the aggregate disposal proceeds do not exceed NGN150 million and the gains do not exceed NGN10 million within any 12 consecutive months.

For foreign sellers, capital gains tax may apply where the gains are connected with a trade or business conducted in Nigeria, or arise from the disposal of an asset that is located in Nigeria or deemed to be located in Nigeria. An aircraft, or any interest or right in or over an aircraft, is deemed to be situated in Nigeria where the aircraft is located in Nigeria or where the person holding that interest or right is resident in Nigeria or has a permanent establishment in Nigeria. Accordingly, any gain arising from the disposal of the aircraft or such interest or right may be subject to Nigerian capital gains tax.

Other Duties

Under the repealed Value Added Tax Act and applicable VAT (Modification) Orders, the importation of commercial aircraft, aircraft engines and spare parts was generally exempt from VAT and benefited from customs duty concessions under the prevailing tariff framework. Following the enactment of the Nigeria Tax Act 2025 (NTA) and related tax reform legislation (effective 1 January 2026), these sector-specific exemptions were not retained. As a result, VAT now applies to imported commercial aircraft and related equipment under the NTA, and customs duties are payable under the existing customs tariff regime, due to the withdrawal of prior concessions.

Operators and lessors with income derived from Nigeria are mandated to file tax returns with the Nigerian Revenue Service as a condition of continued operation.

1.1.2 Enforceability Against Domestic Parties

It is advisable for a sale agreement to be professionally translated into English (the official language of Nigeria) where the sale agreement is not in English. The sale agreement as translated should then be certified and/or notarised in the applicable manner for that country. Nigerian courts will not enforce an agreement made in a foreign language.

1.2 Taxes/Duties Payable Upon Execution of a Bill of Sale

1.2.1 Transferring Title

The transfer of title of an aircraft or engine must be effected through a written agreement, and the parties to the agreement will specify the terms and conditions that must be met for title to pass to the buyer. This position also applies to all installed parts, such as an auxiliary power unit (APU).

The sale of ownership interests in an entity that owns an aircraft or engine will be recognised as a sale of such aircraft or engine once it is agreed in the sale instrument that all the interests in such entity are being acquired.

1.2.2 Sales Governed by English or New York Law

A transfer instrument, such as a bill of sale, may specify that it is governed by English or New York law. Such clauses are recognised and enforced by Nigerian courts, provided that the terms and basis of the agreement are not contrary to public policy, tainted with fraud or in any way illegal.

The minimum substantive requirements for such a bill of sale will be akin to the minimum requirements for a valid contract. These include:

- the correct identification of the parties (ie, the seller and the buyer);
- the consideration for the sale;
- a precise description of the aircraft or engine or other part being sold;
- the date of the transaction; and
- the signatures of the parties.

1.2.3 Enforceability Against Domestic Parties
A bill of sale, if executed in a language other than the Nigerian official language (which is English), should be translated into English. It should be certified or notarised, particularly if the document is to be tendered in a court proceeding.

1.2.4 Registration, Filing and/or Consent From Government Entities
A bill of sale showing evidence of ownership of an aircraft should be registered and filed with the Nigeria Civil Aviation Authority (NCAA). It is one of the documents that the NCAA requests at the time of registration of an aircraft.

The NCAA does not stipulate any formalities for the registration of an aircraft, but Part 4 of Nig.CARs 2023 stipulates that the requirements for the registration of legal interests in an aircraft must be as prescribed by the NCAA.

To be eligible for registration, an aircraft should be owned by any of the following persons:

- a Nigerian citizen;
- an individual citizen of another state who is lawfully a permanent resident in Nigeria;
- a corporation lawfully organised and doing business under the laws of Nigeria, where the aircraft is based and primarily used in Nigeria;
- a government entity of Nigeria or political subdivision thereof; or
- a foreign person who has leased the aircraft to one of the above-mentioned persons, in which case, the leased aircraft –
  (a) may remain on the Nigeria registry only for as long as the lease remains in effect, and the certificate of registration must include the names and addresses of the lessee and, if different, the operator of the aircraft; and
  (b) may not also be registered under the laws of any other state and may not be more than 25 years old (if used for commercial air transport – cargo) and not more than 22 years old (if used for commercial air transport – passengers).

There is no period stipulated by law for completion of registration of a bill of sale or other instrument creating an interest in an aircraft.

No government applications or consents are prerequisite to the execution and delivery of a bill of sale in relation to an aircraft or engine registered in Nigeria.

1.2.5 Taxes/Duties Payable Upon Execution of a Bill of Sale
Stamp duties arise ad valorem on the execution of a bill of sale instrument. The documents may be in written or electronic form. The law provides that no bill of sale will be registered until the document has been duly stamped.

The obligation to pay duties arises on the bill of sale irrespective of the location of the aircraft or engine, as long as the place of performance is Nigeria.

2. Aircraft and Engine Leasing

2.1 Overview
2.1.1 Non-Permissible Leases
Operating, wet and finance leases are permissible and recognised in Nigeria. Leases concerning only engines or aircraft parts are also permissible.

2.1.2 Application of Foreign Laws
A lease involving a domestic party, or an asset situated in Nigeria, can be governed by foreign law. Nigerian courts are inclined to respect the sanctity of contracts and uphold a foreign jurisdiction clause. However, Nigerian courts may in certain instances assume jurisdiction over any matter subject to such a foreign law clause and have held that upholding such a clause is discretionary. Circumstances that the courts will take into consideration when faced with an application to stay an action filed in breach of a foreign jurisdiction clause, include the following:

- where the evidence on the issue of fact is situated or more readily available, and the effect of that on the relative convenience and expense of a trial as between the courts of each jurisdiction;
- whether the law of the foreign court applies and, if so, whether it differs from Nigerian law in any material respects; and
- to what country and how closely either party is connected, and whether the defendants genuinely desire trial in the foreign country or are only seeking procedural advantages – examples of such instances include:
  (a) where the defendant is resident within the jurisdiction of the court;
  (b) if the subject matter of the suit is located within the jurisdiction; or
  (c) if the contract was entered into in Nigeria.

2.1.3 Restrictions Concerning Payments in US Dollars

No material restrictions are imposed on domestic lessees making rent payments to foreign lessors in US dollars, as long as the domestic lessees fully comply with – among other things – foreign exchange rules, as well as tax and anti-money laundering regulations.

2.1.4 Exchange Controls

Nigerian laws permit the repatriation of the proceeds of valid transactions in any convertible currency, provided that the necessary documentation is duly completed and submitted to an authorised dealer. Authorised dealers are banks licensed by the Central Bank of Nigeria to operate in the foreign exchange market.

2.1.5 Taxes/Duties Payable for Physical Execution of a Lease

Stamp duties arising from the execution of a lease are applicable to both physical and electronic documents and would arise once performance is within the jurisdiction.

Lease payments are subject to withholding taxes at a rate of 10%. For non-resident companies (without a permanent establishment in Nigeria), the taxes withheld are treated as their final tax. Importantly, taxable persons in countries with whom Nigeria has a double tax agreement (DTA) will be taxed based on the provisions of the DTA.

2.1.6 Licensing/Qualification of Lessors

Foreign lessors need not be licensed or qualified in Nigeria to do business with domestic lessees.

2.2 Lease Terms

2.2.1 Mandatory Terms for Leases Governed by English or New York Law

Most lease contracts in Nigeria with foreign governing law clauses include typical clauses that are contained in lease contracts for aircraft and aircraft parts. Nigerian law does not stipulate that certain lease terms be excluded in a lease agreement, as parties are free to stipulate the terms that will govern the lease agreement.

2.2.2 Tax and Withholding Gross-Up Provisions

Gross-up provisions are common and have been enforced by superior courts of record in Nigeria. However, sums representing taxes or penalties borne by companies on behalf of another person or company are disallowed as a deductible expense.

2.2.3 Parts Installed or Replaced After a Lease's Execution

Parties are free to amend the terms of their lease to cover engines and other parts installed or replaced on an aircraft after the execution of the lease.

2.2.4 Risk of Title Annexation

If the interest in an engine installed in an airframe is held by a person other than the person who holds interest in the airframe, the risk of title annexation does exist. Registration of the interest in an aircraft engine with the NCAA enhances its realisation if there is a default between the parties to the lease.

2.2.5 Recognition of the Concepts of Trust/Trustee

The concept of a trust and the role of an owner trustee under a lease is recognised in Nigeria. The legal framework for trusts in Nigeria is the received common law of England. There is currently no specific statute governing private trusts in Nigeria.

2.3 Lease Registration

2.3.1 Notation of Owner's/Lessor's Interests on Aircraft Register

The interests of an owner (legal or beneficial) or a lessor of an aircraft, including aircraft engine and propellers intended for use in Nigeria, are noted in the aircraft register maintained by the NCAA.

The notation of an owner or lessor's interest in the register establishes the priority of such interest in the aircraft in the event of any disputes or insolvency proceedings. The Civil Aviation Act (CAA) 2022 states that, upon the registration of such interest, no document affecting title to, or any interest in, such aircraft or engine or any other part will be valid – except between the parties to it – unless it is contained in the register.

Such notation also alerts potential buyers or other interested parties about the existing security interest.

2.3.2 Registration If the Owner Is Different From the Operator

An aircraft can be registered in Nigeria in the name of the operator or owner. Under Nig.CARs' General Policies, Procedures and Definitions, an "operator" is defined as "the person, organisation or enterprise engaged in or offering to engage in an aircraft operation (ICAO)" and "the person who causes or authorises the operation of an aircraft, such as the owner, lessee or bailee of an aircraft, or the PIC [pilot in command]". Thus, an owner is subsumed within the definition of an operator. It is usual to have the names of the operator and owner included on the certificate of registration if they are distinct entities.

2.3.3 Aircraft/Engine-Specific Registers

There is no specific register for leases concerning aircraft or engines. Such leases are noted in the aircraft register maintained by the NCAA. The NCAA is required to record in the national civil aircraft register any title to, or any interest in, any civil aircraft registered in Nigeria and in any aircraft engine, propeller or appliance intended for use on any aircraft registered in Nigeria.

2.3.4 Registration of Leases With the Domestic Aircraft Registry

A lease and a lessor's interest must be registered and filed in the aircraft register maintained by the NCAA. Leases are not subject to consent from any government entity.

In many cases, a lease is registered at the time of registration of the aircraft. The formalities required for such a process include:

- an application in the prescribed form;
- a certificate or notice of deregistration from the previous state of registry (which is received by the NCAA directly from the state of registry) or, if the aircraft is new, a letter from the state of manufacture confirming that the aircraft has not been registered in any other state;
- a document showing proof of aircraft ownership (eg, a bill of sale);
- if the aircraft is owned by a company, the names of the directors of the company owning or leasing the aircraft and their specimen signatures;
- if the aircraft is on lease, a certified copy of the lease agreement with evidence of stamp duty payment;
- a certified copy of a current aircraft insurance certificate; and
- proof of payment of the prescribed fees.

There is no statutory estimated period for completion of the registration of an aircraft/engine lease.

Presently in Nigeria, if the lease is over an aircraft to be imported into and to be registered in Nigeria, the airline will require the approval of the Minister of Aviation for the importation of the aircraft.

2.3.5 Requirements for a Lease to Be Valid and Registrable

A lease need not be in a specific form to be valid and registrable in the aircraft register. However, where the lease or document transferring title is written in a language other than English, such document must be translated into English for it to be acceptable by the NCAA. The translated document must be certified, notarised or legalised in the manner legally recognised in the country where the transaction was conducted.

2.3.6 Taxes/Duties Payable for Registering a Lease

No taxes or duties are payable for registering a lease with the NCAA. However, registration of a lease will attract statutory fees as prescribed by the NCAA.

2.3.7 Registration of Aircraft in Alternative Countries
Any aircraft to be used in Nigeria must be registered in Nigeria.

2.3.8 Requirements for Documents Concerning Registration
Nig.CARs do not specifically stipulate that any document be in its original form. However, if any relevant document is in a language other than English, such document must be translated and must comply with the process for authentication of documents in the jurisdiction in which it was issued and/or notarised.

2.4 Lessor's Liabilities
2.4.1 Tax Requirements for a Foreign Lessor
Foreign lessors (with no permanent establishment in Nigeria) are subject to withholding tax at the rate of 10% on lease payments. Where the lessor is from a country that has a DTA with Nigeria, the withholding tax payable will be subject to the terms of the DTA. DTAs do not exempt the payee from the payment of withholding tax in its entirety; rather, they adjust the applicable withholding tax on each transaction based on the agreed maximum rate prescribed in the DTA. Therefore, where the domestic withholding tax rate is lower than the one prescribed in the DTA, the domestic rate will apply. However, where the domestic rate is higher than the rate in the DTA, the DTA rate will apply.

The tax withheld represents the final tax for non-resident lessors, and the obligation and liability to withhold and remit lie with the local lessee.

2.4.2 Effects of Leasing on the Residence of a Foreign Lessor
The sole act of leasing an aircraft will not create tax residency in Nigeria. Tax residency arises for individuals on the basis of the length of time spent in Nigeria within a period of assessment and, for companies, arises upon incorporation.

Foreign lessors may become liable for tax where such a lessor is a non-resident company but derives income from its Nigerian operation.

2.4.3 Engine Maintenance and Operations
There are no laws in Nigeria that impose liability on a foreign lessor in respect of aircraft or engine maintenance solely on the basis of such lessor being a party to the lease agreement. It is usual for the parties to specify in their lease agreements the extent of the liabilities of each party.

2.4.4 Damage or Loss Caused by an Asset
The Montreal Convention and the rules of that convention govern damage or loss occasioned by an asset in circumstances covered by the Montreal Convention. In other claims for damages caused by an asset under a lease, the general law of tort will apply and the principles of causation will determine the extent of liability for the lessor.

2.4.5 Attachment by Creditors
Only properties owned by the lessee may be attached in satisfaction of a debt. Creditors of a domestic lessee cannot therefore attach a leased aircraft owned by a different entity in satisfaction of a debt.

2.4.6 Priority of Third Parties' Rights
Nigeria made declarations under Article 39 (1) of the Cape Town Convention on International Interests in Mobile Equipment and its Protocol (the "Cape Town Convention") to the effect that certain non-consensual rights will have priority over registered interests. These rights include:

- liens in favour of workers for unpaid wages arising since the time of a declared default under a contract to finance or lease the subject object for services performed relating to that object; and
- liens in favour of repairers of an object in their possession to the extent of services performed on, and value added to, that object.

These third-party rights will have priority over a registered international interest. Under local laws, these third-party rights will also enjoy priority exercisable under common law, ie, by a right of detention.

2.5 Insurance and Reinsurance

2.5.1 Requirement to Engage Domestic Insurance Companies

In Nigeria, it is mandatory for carriers operating air transport services to and from Nigeria to maintain relevant insurance. Although the law requires that assets in Nigeria be insured locally, aircraft assets are usually permitted to be insured and/or reinsured outside the domestic market due to the nature of the risk involved.

2.5.2 Mandatory Insurance Coverage Requirements

The CAA 2022 imposes mandatory insurance coverage requirements. The specific range of insurance that should be maintained is set out in Part 18 of Nig. CARs, which establishes the minimum insurance sums based on the maximum take-off weight (MTOW) of a fixed-wing aircraft or a rotary-wing aircraft. The minimum insurance cover for aircraft operating in Nigeria must correspond to the aircraft's available capacity.

2.5.3 Placement of Insurance Outside of Jurisdiction

The Nigerian Insurance Industry Reform Act, 2025 ("NIIRA 2025") retains the policy of localising insurance and reinsurance of Nigerian risks. Under NIIRA 2025, domestic insurance and reinsurance business must be placed with insurers and reinsurers licensed in Nigeria, and aviation insurance and reinsurance are expressly classified as domestic insurance and reinsurance business. A significant development under NIIRA 2025 is the statutory requirement that local insurance and reinsurance capacity must be fully exhausted before any portion of the risk may be placed offshore. Any placement with a foreign insurer or reinsurer is subject to the prior approval of the National Insurance Commission ("NAICOM").

NIIRA 2025 nevertheless permits offshore placement where NAICOM is satisfied that, due to the exceptional nature of the risk or other exceptional circumstances, the risk cannot be adequately accommodated within the Nigerian market. In such cases, NAICOM may grant written approval for insurance or reinsurance to be placed with a foreign insurer or reinsurer. NIIRA 2025 further clarifies that where an insurer arranges reinsurance abroad in accordance with its NAICOM-approved reinsurance programme, no direct engagement between the insured (or reinsured) and the foreign reinsurer is required, provided the insurer can demonstrate that adequate reinsurance has been secured in accordance with the reinsurance programme submitted annually to the Commission.

In practice, aviation risks are typically distributed among Nigerian insurers and reinsurers to the extent of available local capacity, with any excess exposure reinsured in the international market, subject to NAICOM's approval. Offshore insurance or reinsurance may also be permissible where, due to the exceptional nature of the risk or other exceptional circumstances, the risk cannot be adequately accommodated within the Nigerian market.

2.5.4 Enforceability of "Cut-Through" Clauses

NIIRA 2025 is silent on claims cut through clauses. Nigeria case law is silent on their enforceability and will lean towards interpreting the precise terms of the contract and the persuasive authority of English case law. However, the Nigerian Prudential Guidelines prohibits premium cut-through clauses.

2.5.5 Assignment of Insurance/Reinsurance

Assignment of insurance and reinsurance is permitted subject to the terms of the contract.

2.6 Lease Enforcement

2.6.1 Restrictions on Lessors' Abilities

There are no restrictions on a lessor's ability to terminate an aircraft lease or re-export the aircraft and/or sell the aircraft following such termination. Once the lessor terminates in line with the lease agreement, an application can be made to the NCAA for the deregistration of the aircraft and subsequent export.

Presently, the NCAA has issued an advisory on the recordation of an irrevocable deregistration and export request authorisation (IDERA), which is to facilitate the deregistration and export of leased aircraft.

2.6.2 Lessor Taking Possession of the Aircraft

In 2024, the NCAA pursuant to Nigeria's obligation under the Cape Town Convention and Aircraft Protocol issued the NCAA Advisory Circular. Under the Advisory Circular, a lessor can request the deregistration and export of a leased aircraft pursuant to an

IDERA filed at the time of registration of the lease. A court order is not required for the lessor to take physical possession of an aircraft subject to a lease. The lessor can take physical possession of the aircraft by presenting the IDERA to the NCAA and deregistering and exporting the aircraft out of Nigeria.

A lessor who has a deregistration Power of Attorney (DPOA) and has deposited the instrument with the NCAA may also take physical possession of an aircraft without the lessee's consent. Where these instruments do not exist, a lessor must obtain a court order to take physical possession of an aircraft without the lessee's consent.

2.6.3 Specific Courts for Aviation Disputes

Aviation and the safety of aircraft form part of the matters which, by virtue of Section 251 of the Constitution of the Federal Republic of Nigeria 1999 (as amended), fall within the exclusive jurisdiction of the Federal High Court. Aviation matters that fall within the jurisdiction of the Federal High Court include matters falling within the Montreal Convention (ie, liability for the carriage by air of passengers and cargo as governed by that convention), as well as contractual disputes involving aircraft and/or interests in aircraft and aircraft parts.

2.6.4 Summary Judgment or Other Relief

Summary judgments in Nigeria are applicable to monetary claims. To obtain a summary judgment, the lessor may be required to prove – among other things – that there is no genuine dispute of material facts regarding outstanding debt.

A lessor may obtain injunctive or other equitable relief pending the final resolution of judicial proceedings to enforce an aircraft lease.

Temporary restraining orders are available to a lessor to prevent the lessee from removing the aircraft from a particular jurisdiction or to allow the lessor to recover possession of the aircraft. In order to grant the injunctions, courts usually require the lessor to prove that there is risk of irreparable loss and to give an undertaking in the event that the court finds that the application for temporary restraining orders was frivolously made.

Applications for summary judgments that are not contested could take between nine and 12 months to determine. Contested applications could last for 18 months.

Injunctions, particularly those for interim relief, could be applied for and obtained within a few days to a month.

2.6.5 Domestic Courts' Approach to Foreign Laws and Judgments

Nigerian courts recognise parties' choice of foreign law and jurisdiction and will, as a general rule, give effect to the parties' choice of a foreign governing law. However, Nigerian courts may assume jurisdiction over any matter subject to such a foreign law clause in certain instances and have held that upholding such a clause is discretionary.

Circumstances that a court will consider in deciding whether to uphold a foreign jurisdiction clause are listed in **2.1.2 Application of Foreign Laws**.

A waiver of immunity by parties to a lease will be recognised by the courts.

2.6.6 Domestic Courts' Recognition of Foreign Judgments/Awards

Nigerian courts recognise and enforce a final judgment of a foreign court as well as foreign arbitral awards without examining the merits of the matter. An application to recognise and enforce a foreign judgment or foreign arbitral award may be refused on certain grounds, one of which is that the judgment or award is contrary to public policy.

2.6.7 Judgments in Foreign Currencies

A lessor under an aircraft lease, where the consideration is denominated in foreign currency, can obtain judgment in the foreign currency.

2.6.8 Limitations on Lessors' Actions Following Termination

Default interest is a matter of contract and is therefore subject to the agreement of the parties. However, any clause in a lease pertaining to default interest should be reasonable, as Nigerian courts generally do not enforce clauses that appear to be punitive.

2.6.9 Lessor's Requirement to Pay Taxes/Fees

No taxes arise from actions to enforce aircraft leases. However, the lessor must pay filing fees to the court if enforcement involves an application to the courts. Where the relief is monetary, filing fees will depend on the sum claimed up to the maximum limit where a claim exceeds the stipulated threshold.

2.6.10 Mandatory Notice Periods

There are no mandatory notice periods for the lessor to comply with if it terminates the lease, except as may be provided in the lease agreement. Where there is no notice period stipulated in the lease agreement, a reasonable notice period is advisable.

2.6.11 Lessees' Entitlement to Claim Immunity

In general, private business entities do not have the privilege of claiming immunity from legal actions. However, a lessee that enjoys sovereign or other immunity is entitled to claim immunity except where such immunity has been waived. It is important that such a waiver of immunity by the sovereign entity is clearly stated.

2.6.12 Enforcement of Foreign Arbitral Decisions

Nigeria is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the "New York Convention"). The New York Convention has been domesticated in Nigeria and has now been incorporated into local law by Section 60 of the Arbitration and Mediation Act 2023.

Nigerian courts will recognise and enforce a foreign arbitral award.

2.6.13 Other Relevant Issues

It is possible that a lessee may approach the courts to obtain an injunction to stop the deregistration and export of an aircraft when an event of default has occurred under the lease agreement. The lessor should therefore ensure that adequate records are being kept of the performance of the lessee's obligations under the lease agreement. This is to ensure that evidence of a breach is not contestable.

2.7 Lease Assignment/Novation

2.7.1 Recognition of the Concepts of Contractual Assignment and Novation

Contractual assignment and novation are both recognised under Nigerian law.

2.7.2 Assignment/Novation of Leases Under Foreign Laws

An assignment or novation of an aircraft lease governed by New York or English law will be considered valid under Nigerian law. The need for the lessee's consent will be subject to the terms of the aircraft lease agreement as there are no laws in Nigeria that specifically require that a lessee's consent must be obtained for an assignment or novation. Generally, there are also no mandatory terms required under Nigerian law to be included in such agreements or deeds.

2.7.3 Enforceability of Lease Assignments/Novations

If the assignment/novation is in a language other than English, it should be translated into English, duly certified and notarised to ensure its admissibility in proceedings before a court in Nigeria.

2.7.4 Filing/Registration of Lease Assignments/Novations

An aircraft or engine lease assignment and assumption/novation must be filed at the NCAA as required by Nig.CARs. The assignment or novation is not subject to consent from any government entity.

The formalities required for the registration of an aircraft lease assignment and assumption agreement or novation agreement are the same as those applicable to the registration of an aircraft, with the additional requirement to submit the relevant assignment and assumption agreement or novation agreement, together with the written consent of the original parties to the lease agreement.

There is no estimated period for completion. However, where all the required documents are submitted, the process should be completed within a two-to-three-month period.

Government consent is not a prerequisite for the execution and/or delivery of an aircraft and/or engine lease assignment and assumption/novation.

2.7.5 Taxes/Duties Payable on Assignment/Novation
Stamp duties will be assessable on an assignment agreement executed outside Nigeria that relates to property situated in Nigeria or to any matter or thing done in Nigeria.

2.7.6 Recognition of Transfer of Ownership Interests
Assuming that only the ownership interests (or where applicable, the beneficial interests in a trust) of the entity owning an aircraft are transferred, while legal title to the aircraft remains vested in that same entity, such instance would generally not be considered as a transfer of title to the aircraft. Accordingly, there would ordinarily be no requirement to notify the NCAA or procure a new aircraft registration solely on account of the change in ownership of the entity.

2.8 Aircraft Deregistration and Export
2.8.1 Deregistering Aircraft in This Jurisdiction
The holder of a certificate of registration, owner or lessor or their duly authorised attorney, the holder of a valid DPOA or an IDERA can apply to the NCAA to deregister an aircraft. The NCAA on its own, under certain conditions, may deregister an aircraft.

Generally, to deregister an aircraft, the applicant will complete the appropriate application form, which will be submitted to the NCAA along with a cover letter addressed to the director general of the NCAA requesting the deregistration of the aircraft, the original certificate of registration of the aircraft and other relevant documents. Where an applicant is seeking to deregister based on an IDERA, the authorised party or certified designee of an IDERA can request the deregistration of an aircraft by submitting a formal application letter stating the reason for the exercise of the IDERA, the official application form for deregistration, a copy of the IDERA, and evidence of payment of statutory charges.

2.8.2 Lessee's/Operator's Consent
An aircraft owner, mortgagee or lessor can apply for the deregistration of the aircraft and the consent of the operator/lessee is not required for the deregistration except where consent is stipulated as a term in the relevant agreements.

2.8.3 Required Documentation
The requirements for deregistration of an aircraft where an IDERA has been filed are as set in the Advisory Circular issued by the NCAA and include the following:

- a formal application letter stating the reason for exercising the IDERA;
- completed Form AC-AWS001G (Application for Aircraft De-registration);
- a copy of the recorded IDERA;
- evidence of payment of the prescribed statutory fees/charges; and
- where applicable, a Certified Designation Letter appointing the certified designee to exercise the IDERA rights.

The required documentation for the deregistration of an aircraft not backed by an IDERA is as set out in NCAA Form AC-AWS001C, issued 10 April 2023.

To discharge a security interest that has been registered at the International Registry, the applicant will be required to obtain the written consent of the mortgagee (if different from the applicant). The applicant will also be required to present an IDERA granted by the debtor, mortgagor or lessee.

2.8.4 Duration of Deregistration Process
The timeline for deregistration at the NCAA can vary but for simple uncontested cases, a timeline of circa three weeks from the date of submission may be expected.

For the International Registry, it is typically 48 to 72 hours upon submission of the application.

2.8.5 Aviation Authority's Assurances
The NCAA does not provide advance assurances to an aircraft owner, mortgagee or lessor as to the prompt deregistration of the aircraft.

2.8.6 Costs, Fees and Taxes Relating to Deregistration

The fees applicable to the deregistration of an aircraft at the NCAA depend on the type of aircraft and the MTOW of the aircraft. For a fixed-wing aircraft, the cost of deregistration ranges from NGN45,000 to NGN450,000, depending on the MTOW of the aircraft, whereas for a rotary aircraft, the cost of deregistration ranges from NGN135,000 to NGN180,000, depending on the MTOW.

2.8.7 Deregistration Power of Attorney

The NCAA will recognise a DPOA. An irrevocable DPOA will be stamped ad valorem at the rate of 1.5%, whereas a revocable DPOA is stamped at the flat rate of NGN500.

A DPOA is usually registered at the NCAA along with the other documents required for the registration of a security interest in an aircraft. Where the DPOA is in a language other than English, it is advisable that the DPOA be translated and notarised in the manner required under the law of the jurisdiction in which it is issued and filed with the NCAA, to be enforceable against a domestic party.

2.8.8 Documents Required to Enforce Deregistration Power of Attorney

Part 4 of Nig.CARs, which contains provisions for deregistration, does not specify the documents to be submitted when applying for deregistration. However, it absolves the NCAA (and also requests an indemnity) from any liability that may arise from defects in documents, records and depositions submitted to it in support of an application for deregistration. Accordingly, where the deregistration request is made, the NCAA may require updated corporate authority documentation to verify the applicant's authority, although the Regulations do not expressly specify a fixed set of corporate documents for this purpose.

2.8.9 Choice of Laws Governing Deregistration Power of Attorney

A DPOA does not have to be governed by Nigerian law.

2.8.10 Revocation of a Deregistration Power of Attorney

Generally, an irrevocable power given for valuable consideration or for a fixed period not exceeding 12 months cannot be revoked by the grantor and will remain irrevocable until the consideration and/or interest is satisfied or until the term expires.

2.8.11 Owner's/Lessor's Consent

There is no legal requirement that prohibits an aircraft owner, mortgagee or lessor from exporting an aircraft without the lessee's consent.

Where deregistration and exportation out of Nigeria is sought by an owner, the owner may indicate its willingness for the aircraft to remain on the Nigerian registry. It is therefore necessary, where applicable, for a mortgagee to seek the consent of the owner or lessor to export the aircraft.

An owner, mortgagee or lessor should, however, ensure that clear terms permitting it to export the aircraft without the lessee's consent are included in the lease agreement. The aircraft need not be physically present in Nigeria in order to be deregistered. For export, however, the aircraft needs to be in Nigeria.

2.8.12 Aircraft Export Permits/Licences

The NCAA issues an Export Certificate of Airworthiness for an aircraft registered in Nigeria upon being satisfied of the existence of certain conditions.

An application for an Export Certificate of Airworthiness is made in the required form and manner acceptable to the NCAA. Part 5 of Nig.CARs sets out the information and references required when making an application for an Export Certificate of Airworthiness. There is no provision permitting the Export Certificate of Airworthiness to be obtained in advance.

2.8.13 Costs, Fees and Taxes Concerning Export of Aircraft

No taxes are charged in respect of the export of an aircraft, but fees are payable to the NCAA. The export fee varies based on the type, features and MTOW of the aircraft. Fees for a fixed-wing aircraft range from NGN54,000 to NGN2.88 million, whereas the fees for a rotary aircraft range from NGN360,000 to NGN1.08 million.

2.8.14 Practical Issues Related to Deregistration of Aircraft

It is usual for the NCAA to request a statement on the reason for the deregistration of the aircraft. The NCAA does not require the removal of registration marks from an aircraft before deregistration is granted.

2.9 Insolvency Proceedings

2.9.1 Overview of Relevant Laws and Statutory Regimes Governing Restructurings, Reorganisations, Insolvencies and Liquidations

In Nigeria, the statutes that govern restructuring and insolvency include:

- the Companies and Allied Matters Act 2020 (CAMA);
- the Insolvency Regulations 2022;
- the Companies Winding Up Rules 2012;
- the Federal Competition and Consumer Protection Act 2019;
- the Investment and Securities Act 2025;
- the Securities and Exchange Commission Rules 2013 (as amended); and
- the Asset Management Corporation of Nigeria Act 2010 (as amended in 2021).

2.9.2 Overview of Relevant Types of Voluntary and Involuntary Restructurings, Reorganisations, Insolvencies and Receivership

The voluntary and involuntary restructuring, reorganisation and insolvency processes available in Nigeria include:

- members voluntary winding-up;
- court ordered winding-up;
- administration and company voluntary arrangement;
- arrangement and compromise;
- management buyout;
- M&A; and
- takeover.

A company may be wound up by the court if:

- the company has by special resolution resolved that the company be wound up by the court;
- default is made in delivering the statutory report to the Corporate Affairs Commission (the agency responsible for company oversight in Nigeria) or in holding the statutory meetings;
- the number of members is reduced to below two in the case of companies with more than one shareholder;
- the company is unable to pay its debts;
- the condition precedent to the operation of the company has ceased to exist; or
- the court is of the opinion that it is just and equitable that the company should be wound up.

2.9.3 Co-Ordination, Recognition or Relief in Connection With Overseas Proceedings

Nigeria is yet to adopt the UNCITRAL Model Law on Cross-Border Insolvency or any other law or convention that mandates cross-border co-operation or provides for judicial assistance for overseas insolvency proceedings. There are also no laws that specifically provide for the recognition and enforcement of cross-border insolvencies or reliefs sought therefrom.

The Nigerian courts under the Foreign Judgments (Recognition and Enforcement) Act may recognise and enforce a foreign judgment, provided that the judgment is final and conclusive, has no appeal against it, and there is reciprocity.

2.9.4 Effect of Lessee's Insolvency on a Deregistration Power of Attorney

An irrevocable DPOA or an IDERA granted by a lessee to a lessor, owner or mortgagee of an aircraft should not be voided by the liquidation of the lessee. However, the IDERA will cease to operate where the lessee is dissolved.

2.9.5 Other Effects of a Lessee's Insolvency

A lease will not be set aside upon the lessee being put into liquidation – although it may be terminated by the liquidator. The lessor is entitled, under the lease agreement, to terminate said lease and repossess the aircraft from the lessee. However, the lease may be set aside if there is evidence to show that it was made for the purpose of avoiding obligations due from the lessee.

On termination of the lease, the lessor is permitted to submit the DPOA or the IDERA for the purpose of repossessing the aircraft. The liquidator may apply to restrain the lessor from repossessing, but such applications must be made with clear evidence that the aircraft is an asset of the lessee.

The aircraft will not be deemed to be the lessee's property.

Nigerian courts recognise the rules of priority. The liquidator/administrator cannot impose the right of any other creditor in priority over the lessor's right because the aircraft asset does not belong to the lessee and the lessee could not have validly created an interest in the aircraft. In addition, registration of the lease with the NCAA gives the lessor priority over the aircraft above any other interest holder.

2.9.6 Risks for a Lender if a Borrower, Guarantor or Security Provider Becomes Insolvent

When a borrower or guarantor becomes insolvent, the main risks for a lender are potential loss or delays in recovering debts owed, and possible challenges to the validity of security arrangements.

2.9.7 Imposition of Moratoria in Connection With Insolvency Proceedings

Generally, the rights of secured creditors are not stayed by the commencement of insolvency proceedings. However, the CAMA imposes various moratoria for different actions that may be taken at the initiation of or during administration proceedings or a scheme of arrangements. The moratorium period is six months for a scheme of arrangement, whereas an administration moratorium imposed to restrict the institution of proceedings to enforce security over company properties, repossess goods under hire purchase agreement, or exercise a landlord's right to peaceful re-entry, has no fixed period and any action taken will be subject to the consent of the administrator.

2.9.8 Liquidation of Domestic Lessees

Under Nigerian law, a domestic lessee can be liquidated by the appointment of a liquidator, or placed under administration or receivership through the appointment of an administrator or receiver respectively, in accordance with insolvency laws.

The liquidator is appointed following an application made by a special resolution of the shareholders, or an application made by the directors or creditors of the company. An administrator may be appointed by the courts, or out of court, by holders of a floating charge or by the company's directors.

2.9.9 Ipso Facto Defaults

Defaults such as insolvency and liquidation are recognised as the basis for termination and repossession of aircraft. A lessor or mortgagee need not show performance defaults to be entitled to repossession of a leased aircraft.

2.9.10 Impact of Domestic Lessees' Winding-Up

If a domestic lessee is wound up through court or administration proceedings, this can have the following impacts.

- On the aircraft – the fate of the aircraft is largely dependent on the terms of the lease. The lessor's rights will usually include the right to terminate and repossess the aircraft if the lessee is wound up and this right will be exercised by the lessor, resulting in possession reverting to the lessor.
- On lease rentals – the lessee's obligation to pay lease rentals ceases. Any due lease payments will form part of the lessee's debt obligations.
- On the lease security deposit – the impact on the lease security deposit will depend on the terms of the lease agreement. If the deposit is agreed as payment towards lease rentals, then the lessor is entitled to apply the deposit towards any pending rent liability of the lessee.
- On the maintenance reserves – the treatment of maintenance reserves also depends on the lease agreement. If classified as reserves, they might be held in a separate account; if treated as supplemental rent, they could be affected similarly to lease rentals.

2.10 Cape Town Convention and Others

2.10.1 Conventions in Force

Nigeria is a signatory to the Cape Town Convention and the Aircraft Protocol. By virtue of Section 50 (2) of the CAA 2022, the Cape Town Convention and the Aircraft Protocol are in force in Nigeria.

It is not necessary to obtain authorised entry point (AEP) codes for registering international interests. In Nigeria, it is not a requirement for local entities to apply for AEP codes before they can make Cape Town Convention filings. Local entities can make Cape Town Convention filings directly on behalf of lessors.

2.10.2 Declarations Made Concerning Conventions

Nigeria has made the following declarations under the following Articles of the Cape Town Convention.

Under Article 39 (1), in relation to non-consensual rights or interest:

- liens in favour of workers for unpaid wages arising since the time of a declared default under a contract to finance or lease the subject object for services performed relating to that object; and
- liens in favour of repairers of an object in their possession to the extent of services performed on and value added to that object.

These have priority under Nigerian law over an interest in an object equivalent to that of the holder of a registered international interest and will have priority over a registered international interest, whether in or outside insolvency proceedings.

Under Article 40, in relation to non-consensual right or interest:

- rights of a person obtaining a court order permitting attachment of an aircraft object in partial or full satisfaction of a legal judgment;
- liens or other rights of a state entity relating to taxes or other unpaid charges;
- liens of a salvor for unpaid charges in respect of salvage services provided to an aircraft object when it is waterborne;
- liens of a person providing towage services to an aircraft object when it is waterborne in respect of unpaid charges; and
- liens of a bailee of an aircraft object in respect of unpaid charges for the bailment of said aircraft object.

These are registrable under the Cape Town Convention as regards any category of object as though the right or interest were an international interest, and will be regulated accordingly.

Article 53 stipulates that the Federal High Court is the relevant court for the purposes of Article 1 and Chapter XII of the Convention.

Under Article 54 (2), a declaration that any remedies available to the creditor under the Cape Town Convention that are not expressed under the relevant provision thereof to require application to the court, may be exercised without court action and without leave of the court.

2.10.3 Application of Article XIII of the Protocol on Matters Specific to Aircraft Equipment

The provision of the CAA 2006 (and 2022) incorporated the Cape Town Convention and the Aircraft Protocol into Nigerian law. Section 50 (2) of the CAA 2022 provides that from the commencement of the Act, the provisions of the Cape Town Convention and the Aircraft Protocol will have the force of law in Nigeria subject to the provisions of the Constitution of the Federal Republic of Nigeria. Incorporation into local law of an international convention such as the Cape Town Convention is a constitutional requirement necessary to make the convention enforceable.

An IDERA (as with a DPOA) can be submitted over an internal transaction and can be recorded, like any other interest, in the aircraft register.

2.10.4 Enforcement of Conventions

In most cases involving the Cape Town Convention and the Aircraft Protocol, the issue revolves around the request by a lessor/mortgagee seeking to deregister and export the aircraft. The Federal High Court (which is the court with jurisdiction) rarely hears actions in relation to the other aspects of the Cape Town Convention and the Aircraft Protocol.

2.10.5 Other Conventions

Nigeria is a signatory to the Geneva Convention on the International Recognition of Rights in Aircraft (1948), having ratified this on 10 June 2002. Section 50 (1) of the CAA 2022 has incorporated the provisions of this convention into law in line with Nigerian constitutional requirements.

3. Aircraft Debt Finance

3.1 Structuring

3.1.1 Restrictions on Lending and Borrowing

Foreign lenders can provide financing and borrowers can use loan proceeds to purchase aircraft.

3.1.2 Effect of Exchange Controls or Government Consents

There are no specific exchange controls or government consents that are peculiar to the aviation sector, and applicable exchange controls or government consents on financing or repatriation of proceeds will apply to an aviation-related transaction. It should be noted that foreign investors are allowed to take out their earnings and investment-related funds without facing significant obstacles, according to the provisions of Section 24 of the Nigeria Investment Promotion Commission Act.

3.1.3 Granting of Security to Foreign Lenders

Nigeria is a signatory to the Cape Town Convention, which allows for the creation of international interests in aircraft equipment, including granting security to foreign lenders. Thus, borrowers can use aircraft as collateral to secure loans from foreign lenders.

3.1.4 Downstream, Upstream and Cross-Stream Guarantees

Downstream, upstream and cross-stream guarantees are permitted in favour of lenders in Nigeria. Although there is no specific registration requirement for guarantees under Nigerian law, Section 197 of the CAMA does require the registration of charges, which may include guarantees. Failure to register a charge within 90 days of its creation may render it void against liquidators and creditors.

3.1.5 Lenders' Share in Security Over Domestic SPVs

A lender can take a share in security over a domestic special-purpose vehicle (SPV) that owns a financed aircraft. This involves using ownership shares of the SPV as collateral for the financing provided. A pledge of shares is a recognised method of security in Nigeria and its registration has been provided for under Section 197 of the CAMA.

3.1.6 Negative Pledges

Negative pledges are recognised under Nigerian law and it is advisable for a lender to register the negative pledge with the Corporate Affairs Commission to prevent future security interests that could undermine the existing security.

3.1.7 Intercreditor Arrangements

There are no laws in Nigeria with any material restrictions or requirements on inter-creditor arrangements.

3.1.8 Syndicated Loans

The concept of agency and the role of an agent (facility/syndicate agent) is recognised and utilised in syndicated loan arrangements in Nigeria.

3.1.9 Debt Subordination

Contractual subordination among creditors is legally recognised in Nigeria, enabling the modification of priority orders, the waiver of rights or the subordination of security interests. However, its enforceability in insolvency proceedings may be limited, owing to bankruptcy laws treating unsecured creditors equally and granting secured creditors the right to enforce their security even during liquidation.

3.1.10 Transfer/Assignment of Debts Under Foreign Laws

The transfer or assignment of all or part of an outstanding debt under an English or New York law-governed loan is generally permissible and recognised under Nigerian law. However, the terms of the loan agreement and any applicable legal requirements as to notice need to be considered.

3.1.11 Usury/Interest Limitation Laws

Interest rate limits are typically governed by various laws and regulations, including the Central Bank of Nigeria Act 2007 and other relevant financial regulations. These laws aim to protect borrowers from unfair lending practices and ensure that interest rates remain reasonable.

3.2 Security

3.2.1 Typical Forms of Security and Recourse

In a domestic aviation finance transaction, typical forms of security and recourse will include aircraft mortgages, charges and guarantees.

3.2.2 Types of Security Not Available

Due to their nature, it may be challenging or not feasible to take certain types of security over aircraft or related collateral, such as security solely on warranties and insurances. Although traditional forms of security often focus on tangible assets such as the aircraft itself, taking securities solely over warranties and insurances might be complex, owing to their intangible nature.

3.2.3 Trust/Trustee Concepts

The concept of a trust and a security trustee role are recognised in Nigeria and are quite popular in structured finance in Nigeria. A parallel debt structure can be used, creating separate obligations between borrower and lenders and achieving similar security outcomes.

3.2.4 Assignment of Rights to an Aircraft by a Borrower to a Security Trustee

A borrower can assign to a security trustee its rights to the aircraft or under an aircraft lease (including rights related to insurances), pursuant to a security assignment or mortgage. This assignment allows the security trustee to hold and enforce those rights on behalf of the lender(s) in the event of default.

3.2.5 Assignment of Rights and Benefits Without Attendant Obligations

A lessor may assign the rights and benefits only without also assigning the attendant obligations under an aircraft lease. This type of arrangement is known as an “assignment of rights” or “assignment of benefits”. However, it is essential to ensure that the assignment does not conflict with the terms of the lease agreement and that any required consent is obtained from the relevant parties.

3.2.6 Choice of Foreign Law

Security assignments or guarantees can be governed by English or New York law.

3.2.7 Formalities/Mandatory Terms to Create and Perfect Security Assignments

There are no unique formalities necessary for the creation and perfection of a security assignment outside the recognised requirements for such agreements – for example, that the assignment must be in writing, clearly identify the collateral and state the intention to create a security interest. The security assignment must also be registered with the NCAA. Failure to comply with these formalities might render the security assignment unenforceable against third parties. Where such an agreement is to be tendered before a Nigerian court, it is necessary for it to be translated (if in a language other than English) and certified/notarised.

3.2.8 Domestic Law Security Instruments

It is advisable to consider taking a domestic law security instrument to cover any additional requirements under Nigerian law, if an English or New York law-governed security assignment is taken in respect of an aircraft registered domestically in Nigeria. Domestic law security instruments and local law filings are required for Cape Town Convention filings. The cost for such filings varies and is set out in the schedule of fees and charges issued by the NCAA.

3.2.9 Domestic Registration of Security Assignments Governed by Foreign Laws

An English or New York law-governed security assignment or a domestic law security instrument may be registered domestically. It is recommended to consider domestic registration to maximise the protection of the security interest in Nigeria where the aircraft is registered.

3.2.10 Transfer of Security Interests Over Aircraft/Engines

The transfer of security interests, including mortgages, charges and assignments over an aircraft and/or engines, is recognised under Nigerian law.

3.2.11 Effect of Changes in the Identity of Secured Parties

The change in identity of secured parties under a security assignment does not usually jeopardise security interests if the assignment is properly documented and registered with the relevant authorities.

3.2.12 "Parallel Debt" Structures

Parallel debt structures can be used in Nigeria, allowing the security trustee to have an independent right to the secured debt and enabling separate enforcement of the security.

3.2.13 Effect of Security Assignments on Residence of Secured Parties

Becoming a secured party under a security assignment does not automatically result in residency, domicile, business presence or tax obligations. However, seeking tax advice is recommended based on the specific circumstances and Nigerian tax regulations.

3.2.14 Perfection of Domestic Law Mortgages

A domestic law mortgage can be perfected by drafting a mortgage agreement outlining the terms of the mortgage, including the amount secured, the parties involved, and the details of the aircraft or engine. Both the borrower and the lender should sign the mortgage agreement. The mortgage must be registered with the NCAA, and the necessary fees and charges for registration must be paid.

If the mortgagor is a company registered in Nigeria, the charge created over the aircraft or engine (or both) as one of the assets of the company should also be registered at the Corporate Affairs Commission by filing a Form CAC 9 (Particulars of Charge) – with additional information setting out a high-level description of the asset being charged, including details such as the manufacturer's serial number and the NCAA registration number of the charged asset.

The costs associated with the foregoing are calculated as follows:

- stamping – 0.375% of the mortgage value;
- registration at the Corporate Affairs Commission – 0.35% of the mortgage value;
- registration with the NCAA –
  - (a) on the first NGN100,000 of the secured sum, for each complete 10,000 – NGN1,000;
  - (b) on the next NGN900,000, for each NGN100,000 or part thereof – NGN1,000; and
  - (c) thereafter, for each NGN1 million or part thereof – NGN50,000.

However, the maximum charge for registration with the NCAA is capped at NGN250,000.

Upon successful registration, the NCAA will issue a perfection certificate, confirming the mortgage's registration. In addition, if the aircraft or engine is covered by the Cape Town Convention, the necessary international interest registration will be filed with the International Registry in compliance with the convention's requirements.

3.2.15 Differences Between Security Over Aircraft and Spare Engines

There are no differences in the form of security (or perfection) taken over an aircraft and spare engines in Nigeria.

3.2.16 Form and Perfection of Security Over Bank Accounts

A "fixed charge" or "fixed security interest" is commonly used to secure a bank account such as a lease receivables account. To perfect the security interest over the bank account, a security agreement is executed between the debtor and creditor, outlining terms and details. Notice is also given to the bank where the account is held, informing them of the security interest. Restrictions may also be placed on the account's use, and registration with the Corporate Affairs Commission is required.

3.3 Liens

3.3.1 Third-Party Liens

Third parties such as repairers, airports, and customs authorities can potentially take or register liens over an aircraft or engine for unpaid fees or charges.

- Repairers' liens cover work done on the actual secured asset for the value of the work performed, rather than the contract price. They may cover work done on other assets.
- Fleet liens, allowing third parties to detain an aircraft, have not been considered in Nigeria.

3.3.2 Timeframe to Discharge a Lien or Mortgage

There is no stipulated average timeframe to discharge a lien or mortgage over an aircraft. Where there are no contentions, a reasonable timeframe will be three months.

3.3.3 Register of Mortgages and Charges

There is no specific register of mortgages and charges maintained by the NCAA. The interests of an aircraft mortgagee or security trustee are noted in the aircraft register maintained by the NCAA. The NCAA is yet to establish the legal interest registry stipulated under Nig.CARs.

The notation of the mortgage/charge interest on the aircraft register helps establish the priority of the mortgagee's or chargee's claim over the aircraft in case of any disputes or insolvency proceedings. It also alerts potential buyers or other interested parties about the existing security interest, which can impact their decisions regarding the aircraft.

3.3.4 Statutory Rights of Detention or Non-Consensual Preferential Liens

Statutory rights of detention and non-consensual rights can arise over an aircraft and/or on a fleet-wide basis. There is no specific law prohibiting an application on a fleet-wide basis.

3.3.5 Verification of an Aircraft's Freedom From Encumbrances

To verify if an aircraft is free of encumbrances, a potential purchaser of an aircraft in Nigeria could search the aircraft register maintained by the NCAA. The aircraft register includes information on all the interests that have been created over a specific aircraft.

A potential purchaser could also conduct a search at the Corporate Affairs Commission, the body that regulates corporate entities in Nigeria. Companies are enjoined to file notices of charges created over their assets.

3.4 Enforcement

3.4.1 Differences Between Enforcing Security Assignments, Loans and Guarantees

The key difference lies in the nature of the underlying assets and the mechanisms for recovery. Enforcing a security assignment is focused on the recovery of the specific collateral, which in many cases is the aircraft, whereas enforcing a loan or guarantee involves the recovery of debt and may – if the debt is of a certain amount – require application for summary judgment and, where summary judgment is given, garnishee proceedings to attach monies belonging to the debtor or guarantor.

3.4.2 Security Trustees' Enforcement of Their Rights

A security trustee may enforce its rights under a security assignment pursuant to a notice and acknowledgement executed by the lessor and lessee.

3.4.3 Application of Foreign Laws

Domestic courts will uphold foreign law as the governing law of a finance or security document if the parties have validly chosen that law to govern their agreement. Similarly, submission to a foreign jurisdiction is respected if the parties have agreed to it in their contract. A court in Nigeria will, however, take certain factors into consideration when faced with a challenge of a suit filed in breach of a foreign jurisdiction clause. Such factors are listed in **2.1.2 Application of Foreign Laws**.

3.4.4 Recognition and Enforcement of Foreign Judgments and Arbitral Awards

Domestic courts in Nigeria recognise and enforce foreign court judgments and arbitral awards without re-examining the matter.

3.4.5 Secured Parties' Right to Take Possession of Aircraft
To the extent that the right to take physical possession of an aircraft is one agreed by the parties to be exercisable without the lessee's or operator's consent, a secured party can take physical possession of an aircraft to enforce a security agreement.

3.4.6 Domestic Courts Competent to Decide on Enforcement Actions
The Federal High Court in Nigeria is competent to determine enforcement actions under a security agreement/aircraft mortgage.

3.4.7 Summary Judgments or Other Relief
In Nigeria, a secured party can seek equitable or other injunctive relief pending final resolution of judicial proceedings. The facts necessary for the granting of such reliefs include showing that irreparable harm, that may not be compensated by monetary relief, will result if such relief is not granted. It is also important for the applicant in such a case to provide an undertaking as to damages – that is, to show that the applicant will be willing to pay damages if in the end such an order ought not to have been made. It is not mandatory that the applicant post a bond or provide a guarantee – although a court may make an order that such a bond or guarantee be provided.

A secured party can also obtain summary judgments where the claim is for a certain sum and the facts in support of the claim are not likely to be contested.

3.4.8 Judgments in Foreign Currencies
A secured party under a security agreement or aircraft mortgage can obtain a judgment in a foreign currency in Nigeria. The sum secured by the security agreement and to be recovered in the claim should, however, be denominated in the foreign currency.

3.4.9 Taxes/Fees Payable
Fees may be applicable in connection with the enforcement of a security agreement or aircraft mortgage. These fees could include court filing fees or administrative fees.

3.4.10 Other Relevant Issues
Lenders should consider potential challenges in enforcement, such as potential insolvency proceedings by the borrower.

4. Other Issues of Note

4.1 Issues Relevant to Domestic Purchase, Sale, Lease or Debt Finance of Aircraft
Currently, there are no material court judgments that impact the purchase, sale, lease or debt finance of an aircraft registered domestically and/or involving a domestic party.

4.2 Current Legislative Proposals
The NCAA released an Advisory Circular outlining the procedure for recording an IDERA and de-registration of an aircraft under an IDERA. The NCAA will only accept and record an IDERA if:

- it is submitted in writing to the NCAA substantially in the form set out in the Protocol to the Convention on International Interest in Mobile Equipment on Matters Specific to Aircraft Equipment 2001 (the "Protocol");
- it identifies the aircraft that is registered or to be registered in the Nigeria Civil Aircraft Register; and
- it is signed by an applicant.

Trends and Developments

Contributed by:
Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Favour Osayuwamen
Streamsowers & Köhn

Streamsowers & Köhn (SSK) is a leading commercial law firm, which provides legal advisory services to a varied clientele that includes Nigerian and international companies and organisations, governments and government departments, and individuals. SSK operates out of offices in Lagos, Abuja and Port Harcourt. The firm's partners are recognised as leading lawyers both in local and international legal circles. SSK covers the spectrum of legal advisory and advocacy services by deploying lawyers with extensive experience who specialise in diverse areas of law. The strength of SSK lies in the wealth of its experience, which enables the firm to proffer innovative ideas and solutions geared towards ethically achieving the aims and objectives of its clients.

Authors

Tamuno Atekebo is a partner at Streamsowers & Köhn and heads the corporate commercial practice group. He advises local and international clientele on project finance regulatory compliance, corporate restructuring and capital markets. He has more than three decades of experience in legal practice.

Chinasa Unaegbunam is a Senior Advocate of Nigeria and a fellow of the Chartered Institute of Arbitrators (UK). She is a partner at Streamsowers & Köhn with more than two decades' experience in aviation law, litigation and arbitration, specialising in commercial disputes. Chinasa served as vice chair of the Aviation Committee of the Nigeria Bar Association Section on Business Law from 2016 to 2022, and subsequently, as chair of the same committee from 2022 to 2024. She has represented several clients in the aviation industry and worked on the declarations made by Nigeria under the Cape Town Convention. She is a member of the Advisory Board of the Hague Court of Arbitration for Aviation (HCAA).

Naomi Kabowei is an associate in Streamsowers & Köhn's corporate commercial practice group. She advises local and international clients on matters of corporate governance, regulatory compliance, capital markets, and capital financing. She has experience representing borrowers on multi-jurisdictional acquisition financing and reserve-based lending.

Favour Osayuwamen is an associate in Streamsowers & Köhn's corporate commercial group. She provides legal advisory and support services to local and international clients on matters of regulatory compliance and corporate governance.

Contributed by: Tamuno Atekebo, Chinasa Unaegbunam, Naomi Kabowei and Favour Osayuwamen, **Streamsowers & Köhn**

Streamsowers & Köhn

852b, Bishop Aboyade Cole Street
Victoria Island
Lagos State
Nigeria

Tel: +234 1 271 2276
Fax: +234 1 271 2277
Email: info@sskohn.com
Web: www.sskohn.com

Nigeria's Aviation Financing and Leasing Landscape: Consolidating Legal Reforms Amid Emerging Fiscal Challenges

Nigeria's aviation financing and leasing sector has witnessed significant developments in 2026, reflecting continued efforts to strengthen the country's attractiveness as an aircraft financing destination while simultaneously confronting emerging fiscal and regulatory challenges. Recent reforms have enhanced investor confidence, improved Nigeria's standing within the global aviation finance community, and encouraged the development of domestic financing structures. However, new tax measures and evolving insurance requirements present fresh considerations for lessors, financiers and operators.

Strengthened Cape Town Convention (CTC) compliance

One of the most notable developments has been Nigeria's continued progress in implementing the CTC.

Building on reforms introduced through the 2024 Federal High Court Practice Directions and the increasing recognition and enforcement of Irrevocable Deregistration and Export Request Authorisations (IDERAs) by the Nigerian Civil Aviation Authority (NCAA), Nigeria's CTC Compliance Index score increased from 70.5% to 75.5% in 2026.

This improvement carries significant implications for the aviation finance market. The enhanced compliance score resulted in Nigeria's removal from the Aviation Working Group's non-compliant watchlist, and its elevation into the category of higher-compliance jurisdictions. The development serves as an important indication to international lessors and financiers that Nigeria is strengthening creditor protections and improving the predictability of aircraft asset recovery and enforcement processes.

Approval of a national aircraft leasing company

The Federal Executive Council (FEC) has approved the establishment of a national aircraft leasing company to support domestic airlines with access to modern fleets. The Minister of Aviation and Aerospace Development confirmed that the company would operate as a private-sector-driven special purpose vehicle (SPV) with government backing. The company will enable airlines to source aircraft through a centralised system rather than negotiating individually with international lessors; and has attracted interest from both local and international investors.

Tax reform and its impact on aviation transactions

The reforms introduced by the Nigeria Tax Act 2025 (the "Act" or NTA) have impacted aviation financing and leasing transactions. Having come into full effect on 1 January 2026, the Act significantly alters the fiscal treatment of aviation-related transactions. Commercial aircraft, aircraft engines, spare parts and airline transportation services are no longer entitled to several historic tax exemptions, including exemptions relating to VAT and certain customs and import duties. The reforms introduced significant changes to Nigeria's tax framework through the consolidation, repeal and amendment of several legacy tax statutes, including the Stamp Duties Act, the Finance Acts, and the Customs, Excise Tariff, Etc (Consolidation) Act, among others. For participants in the aviation financing and leasing sector, these reforms have a number of noteworthy implications.

Stamp duties on dutiable instruments

Under the NTA, dutiable instruments must be stamped within 30 days of execution at the applicable rates prescribed under the Act. Stamp duties apply to instruments that are either first executed in Nigeria or executed outside Nigeria but relate to property situated in Nigeria, or to any matter or thing done in Nigeria. The obligation to pay the relevant duties rests on the transferee of an interest in real property, the beneficiary of a service for which consideration is paid, or any person taking security in a transaction for which an instrument is executed. These provisions may have implications for cross-border aircraft financing and security arrangements, particularly where aircraft or related assets are regarded as being situated in Nigeria.

Increase in capital gains tax rate

The NTA has increased the capital gains tax rate applicable to companies from 10% to 30%, except in the case of small companies, which remain exempt. For this purpose, a small company is one with an annual gross turnover of not more than NGN50 million and total fixed assets not exceeding NGN250 million. The increase in the tax rate may affect the structuring of aircraft disposals, transfers of leasing interests, and other transactions that give rise to chargeable gains.

Import duties on aircraft and aircraft engines

The importation of aircraft, aircraft engines, and aircraft parts following a sale may now attract import duties under the NTA framework, reflecting a shift from prior exemptions. This appears to depart from the previous position under the Customs, Excise Tariff, Etc (Consolidation) Act, as amended by the Finance Acts, under which aircraft generally benefited from import-duty exemptions.

The changes have generated considerable concern among operators, lessors and industry participants. Stakeholders argue that the removal of these incentives may increase transaction and operational costs and potentially undermine some of the gains achieved through recent aviation sector reforms.

Growth of local financing partnerships

Nigeria has also recorded progress in developing domestic aviation financing capacity through strategic partnerships between international financiers and local financial institutions.

In April 2026, the Ministry of Aviation hosted the inaugural Nigeria Aircraft Acquisition and Investment Summit (NAAIS) in Lagos. The summit was designed to facilitate engagement between international aviation finance stakeholders and Nigerian financial institutions. A key outcome of the event was a structured finance arrangement involving Aircraft Finance Germany and Fidelity Bank Plc. The partnership provides an example of how international technical expertise can be combined with local financial resources to support aircraft acquisition and leasing transactions.

The development is significant because it promotes financing structures that reduce the need for outright aircraft purchases and encourages the use of internationally recognised leasing models supported by domestic banking institutions. Such arrangements may contribute to the long-term sustainability and competitiveness of Nigeria's airline industry.

Reform of the aviation insurance framework

Insurance capacity has historically presented challenges for aircraft financing and leasing transactions in Nigeria, particularly where high-value aviation assets and complex cross-border risk allocations are involved.

The Nigerian Insurance Industry Reform Act 2025 (NIIRA) seeks to modernise the regulatory framework governing insurance and reinsurance activities.

The introduction of NIIRA has sought to modernise the regulatory framework governing insurance and reinsurance activities. While the legislation maintains local content requirements, it introduces more structured processes for accessing international reinsurance markets and strengthens regulatory oversight of risk transfer arrangements.

Although requirements relating to aviation insurance and third-party liability coverage were already established under the Civil Aviation Act and applicable aviation regulations, NIIRA introduces, for the first time within Nigeria's insurance legislation, a dedicated statutory framework governing aviation insurance. NIIRA reinforces existing insurance obligations by requiring carriers, aerodrome operators and other aviation service providers to maintain adequate insurance cover, deposit evidence of such cover with the National Insurance Commission prior to commencement of operations, and comply with enhanced enforcement mechanisms for non-compliance.

For aviation stakeholders, these reforms are expected to improve regulatory certainty and strengthen the insurance framework supporting the high-value risks associated with aircraft leasing and financing transactions. Nevertheless, operators and insurers continue to assess the financial implications of compliance with the new framework, particularly against the backdrop of foreign exchange volatility, insurance capacity constraints and rising operating costs.

Conclusion

Nigeria's aviation financing and leasing sector continues to evolve through a combination of legal reform, institutional development and market-driven initiatives. Improvements in CTC compliance and the establishment of domestic financing and leasing structures are enhancing the country's attractiveness to international investors and lessors.

At the same time, the implementation of the NTA and ongoing adjustments to the insurance regulatory framework underscore the need for continued policy alignment to ensure that regulatory gains are not offset by increased transaction costs.

The extent to which Nigeria can maintain this positive trajectory will depend on sustained regulatory certainty, effective implementation of reforms and the successful balancing of investor protections with broader fiscal and economic objectives.

CHAMBERS GLOBAL PRACTICE GUIDES