



NIGERIA

PART A: Incorporating a Private Limited Liability Company

REQUIREMENTS FOR COMPANY INCORPORATION		
1	Company Legislation	<ul style="list-style-type: none"> The Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2004 ("CAMA") regulates the formation of business entities in Nigeria. Section 54 of CAMA provides that in order to "carry on business" in Nigeria, a foreign company must be incorporated as an entity under the provisions of CAMA, and consequently it is not allowed to carry on business through a representative office or registered branch of a foreign company. The Nigerian company upon incorporation becomes a separate legal entity from its overseas parent company. A private limited liability company ("Private Company") is generally preferred as an operating entity by foreign investors in Nigeria as it limits the liability of its members by the memorandum to the amount, if any, unpaid on the shares respectively held by them.
2	Share Capital	<ul style="list-style-type: none"> The minimum statutory share capital for a Private Company is generally N10,000 and in the case of a public company, N500,000. However, the minimum authorised share capital for Nigerian companies with foreign participation is N10 million.
3	Shareholders	<ul style="list-style-type: none"> There are generally no restrictions on the nationality or residence of shareholders. However, in terms of section 18 of CAMA, every Nigerian company is required to have a minimum of two shareholders, both of which may be non-Nigerian entities and may be members of the same group of companies. The total number of members of a private company shall not exceed 50, not including persons who are bona fide in the employment of the company. The initial shareholders are required to take up at least 25% of the authorised share capital with which the company is being registered, but the shareholders are not required by law to immediately pay for shares taken by them.
4	Directors	<ul style="list-style-type: none"> Unless the constitutional documents otherwise provides, there is no maximum number of directors a company must have, but there is a statutory minimum of two. There are generally no restrictions under Nigerian law on the nationality or residence of the directors of a Nigerian company and both directors may be non-residents.



REQUIREMENTS FOR COMPANY INCORPORATION		
5	Company Secretary	<ul style="list-style-type: none"> Every company incorporated in Nigeria is required to have a company secretary. Such company secretary may be an individual, a firm or a corporate. The CAMA does not make reference to the residency of the company secretary, but for administrative convenience, it is advisable that the individual or company is resident in Nigeria.
6	Auditor	<ul style="list-style-type: none"> In terms of CAMA, it is a statutory requirement for a private limited liability company to appoint an auditor.
7	Registered Address	<ul style="list-style-type: none"> Every company is required to have a registered address in Nigeria. It is allowed to use the address of a law firm for this purpose.
REGISTRATION STEPS:		
1	Name reservation and approval	<ul style="list-style-type: none"> The Nigerian companies' registry, the Corporate Affairs Commission ("CAC") keeps a central register of names that have been utilized by existing and dissolved companies. The first step towards incorporating a company in Nigeria is to conduct an "availability search" at the CAC in order to confirm that the proposed name of the company has not already been used and that such name does not offend any provisions of the law or any existing trademark or trade name. Certain names (usually containing words such as "Federal", "National" or "State") can only be used with the consent of the CAC. In addition, the Registrar-General of the CAC may require supporting evidence for the use of certain words such as "group" or "holdings". Where, following an "availability search" the proposed name of the company is available, such name would be reserved for use by the promoters of the company for an initial period of sixty (60) days and for further renewable periods of sixty (60) days. During the period of reservation, no other company can be registered with the reserved name or any other name which, in the opinion of CAC, is similar or identical to the reserved name.
2	Preparation of Constitutional Documents:	<ul style="list-style-type: none"> The following constitutional documents are to be prepared for submission to the CAC:
	Memorandum and Articles of Association	<ul style="list-style-type: none"> The Memorandum of Association sets out the main business objectives of the company, while the Articles provide for the internal, administrative rules and procedures of the company. Both documents must be signed by the initial subscribers.
	Statement of Share Capital	<ul style="list-style-type: none"> The Statement of Share Capital (Form CAC2) must be signed by at least one director.
	Notice of Situation of Registered Office	<ul style="list-style-type: none"> Notice of address of registered office (Form CAC3).



REQUIREMENTS FOR COMPANY INCORPORATION		
	Particulars of Directors and Company Secretary	<ul style="list-style-type: none"> A statement of particulars of first directors (Form CAC7) including their names, address and nationality as well as copies of data pages of valid international passport/driver's license/National Identity Card for each director.
	Statutory declaration	<ul style="list-style-type: none"> Statutory declaration in the prescribed form, by a legal practitioner that the requirements for registration of a company have been complied with (Form CAC 4).
	Resolutions of the proposed shareholders (if a company)	<ul style="list-style-type: none"> Resolutions of the proposed shareholders approving the incorporation of the company and their subscription to shares therein, the number of shares and the representative authorised to sign on the shareholder's behalf.
	Copies of the certificates of incorporation / registration	<ul style="list-style-type: none"> Copies of the certificates of incorporation/registration of the shareholder entities (if corporate) or means of identification if an individual shareholder together with names of representatives authorized to execute documents in connection with the incorporation..
ESTIMATED FEES AND COSTS		
	Professional Fees	<ul style="list-style-type: none"> Estimated at USD5,000 (excluding taxes and disbursements)
	Official Costs	<ul style="list-style-type: none"> Total - ₦143,500 (approx. USD663), made up as follows: <ul style="list-style-type: none"> Stamp duties payable to the Federal Inland Revenue Service ("FIRS") is assessed at ₦7,500 for every ₦ 1million of share capital (i.e. 7,500 x 10), with a minimum of ₦75,000. Stamping of three (3) copies of the Memorandum and Articles of Association at ₦1,500. CAC Filing fees - Fees payable to the CAC is assessed at ₦10,000 for the first (1st) One Million Naira (₦1,000,000), and ₦5,000 for every subsequent One million Naira, with a minimum ₦55,000. Fees for obtaining certified true copies of incorporation documents from the CAC - Certified true copies of the Memorandum and Articles of Association, Form CAC 2, Form CAC 3 and Form CAC 7 can be obtained at a fee of ₦9,000. Processing fee for same day stamping at N10,000 (optional)



REQUIREMENTS FOR COMPANY INCORPORATION		
		<ul style="list-style-type: none"> ○ Stamp duty agent's fee at N1,000 ○ Miscellaneous - N3,000
ESTIMATED TIME FRAME		
	Ordinarily, the incorporation process takes between one to three weeks from the date all incorporation documents are filed with the CAC, provided no deficiencies are identified in the documents.	



PART B: Registration and Licensing

OTHER REGISTRATIONS / LICENSES		
	A Nigerian incorporated Private Company is generally required to obtain the following registrations / licenses:	
1	Nigerian Investment Promotion Commission (" NIPC ")	<ul style="list-style-type: none"> In terms of the Nigerian Investment Promotion Commission Act Cap N117 LFN 2004 ("NIPC Act"), a Nigerian company with foreign equity participation must register with the NIPC and obtain a Certificate of Business Registration before carrying on business in Nigeria.
2	Business Permit	<ul style="list-style-type: none"> In terms of the Immigration Act, Cap 11 LFN 2004, a non-citizen of Nigeria shall not establish a business or register a company without the consent of the Minister responsible for immigration matters. In practice, the consent is obtained by the company, after its incorporation, in the form of a business permit ("Business Permit") issued by the Federal Ministry of Interior ("FMI").
3	Federal Inland Revenue Service (" FIRS ")	
3.1	Companies Income Tax and Value Added Tax (" VAT ")	<ul style="list-style-type: none"> The Companies Income Tax Act, Cap C21, LFN 2004, (as amended by the Companies Income Tax Amendment Act No. 11 of 2007) ("CITA") provides for the taxation of profits of companies (other than oil companies) in Nigeria. All companies assessable to tax under CITA must register with the FIRS and obtain a Tax Identification Number ("TIN"). This is done after incorporation of a company (typically within the first few weeks or at the point of opening a bank account). The TIN must be reflected on all returns filed or correspondence exchanged with the FIRS. This registration is undertaken immediately after the incorporation process. Value Added Tax ("VAT") is imposed under the VAT Act Cap V1, LFN 2004, as amended. Under the VAT Act, taxable persons (including all companies) are required, within six months of incorporation, to register with the FIRS, for VAT purposes.
3.2	Personal Income Tax	<ul style="list-style-type: none"> The personal Income Tax Act Cap P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011) ("PITA") establishes a Pay-As-You-Earn (PAYE) system whereby employers are required to act as agents of the FIRS (for non-resident employees) relevant State Inland Revenue Authorities (for local employees) for the purpose of collecting and remitting taxes on salaries due to their employees. For this purpose, every employer is required to register with the zonal office of the tax authority in the State where its place of business is located. This registration is undertaken after the incorporation process.



OTHER REGISTRATIONS / LICENSES		
4	Pension Fund Administrator	<ul style="list-style-type: none"> The Pension Reform Act 2014 ("PRA") makes provisions for a uniform contributory pension scheme for organizations in both the public and private sectors in Nigeria. Section 2 of the PRA provides that private sector employers with fifteen or more employees must establish a contributory pension scheme ("Scheme"), for the benefit of their employees, wherefrom retirement benefits would be paid to such employees. In connection with such a Scheme, the employee is required to notify its employer of the Pension Fund administrator chosen and the identity of the retirement savings account opened for the receipt of relevant pension contributions.
5	Management Board of the Nigeria Social Insurance Trust Fund (" NSITF ")	<ul style="list-style-type: none"> The Employees Compensation Act No. 13 of 2010 ("ECA") provides the framework for employee compensation issues in Nigeria. The ECA applies to all workers employed in the private and public sector and provides for compensation for injuries sustained in the work place or occupational diseases picked up in the course of employment whether at the usual place of employment or outside it. The ECA establishes an Employees' Compensation Fund to be administered by the NSITF Management Board which is the authority responsible for implementing the provisions of the ECA. Employers are obligated to make a minimum contribution to the fund for the compensation of injured employees. Employers are required to register with the NSITF within 30 days of commencement of operations.
6	Industrial Training Fund (" ITF ")	<ul style="list-style-type: none"> The Industrial Training ITF Act, Cap I9, LFN 2004, as amended ("the ITF Act") establishes the ITF. The purpose of the ITF is to promote the acquisition of relevant skills in industry or commerce with a view to generating a pool of indigenous manpower to satisfy the needs of the economy. Employers having five or more employees in their establishment or a turnover of N50 million and above per annum are liable to make contributions under the ITF. Although there is no specific requirement for registration under the ITF Act, in practice, in order to make requisite returns and payments to the ITF, employers will typically register within a reasonable time after commencement of operations.
7	National Housing Fund (" NHF ")	<ul style="list-style-type: none"> The National Housing Fund Act Cap N45 LFN 2004 ("NHFA") establishes a NHF into which every Nigerian citizen earning an income of N3,000 and above is required to make a contribution. Under Section 9 of the NHFA, all employers of eligible employees under the NHFA are required to deduct the NHF contribution at source and to remit such contribution to the Federal Mortgage Bank of Nigeria.



OTHER REGISTRATIONS / LICENSES				
		<ul style="list-style-type: none">Although there is no specific requirement for registration under the NHFA, in practice, in order to make requisite returns and payments to the Federal Mortgage Bank of Nigeria, employers will typically register within a reasonable time after commencement of operations.		
8	National Office for Technology Acquisition and Promotion (“NOTAP”)	<ul style="list-style-type: none">Every contract entered into by a Nigerian company with a foreign counterpart involving the transfer of foreign technology to the Nigerian company (including agreements between a Nigerian company and its overseas parent), the use or supply of trademarks and patents, technical/management expertise or assistance, basic or detailed engineering, machinery or plant must be registered with NOTAP within thirty days from the date of execution of such contract. Relevant contracts in this regard include contracts for the supply of technical expertise and provision of operating or managerial staff.Official fees include a N50,000 application/presentation fee and an ad valorem fee based on the quantum of the fees to be paid under the agreement.		
9	Industry-specific licenses	<ul style="list-style-type: none">Depending on relevant industry.		
ESTIMATED FEES, COSTS AND TIMEFRAME				
	Several of the foregoing registrations (mainly those of a strictly operational and administrative nature) are relatively simple to conclude and would typically not require legal support. Our correspondents would, however, generally assist with the more complex and/or legal registrations.			
		Professional Fees	Official Costs	Estimated Timeframe
1	NIPC Registration	Fees estimated at USD3,000	N15,000	One to two weeks
2	Business Permit		N151, 000 (N100,00 being approval fees and N51,000 being automation fees). Cost of processing fees is N30,000.	10 – 12 weeks
3	Companies Income Tax and VAT registration	Fees estimated at USD2,000	N/A	One to two weeks
4	Pension Fund Administrator	TBC with selected advisor	N/A	TBC with selected advisor



OTHER REGISTRATIONS / LICENSES				
5	NSITF	TBC with selected advisor	N/A	TBC with selected advisor
6	ITF	TBC with selected advisor	N/A	TBC with selected advisor
7	NHF	TBC with selected advisor	N/A	TBC with selected advisor
8	NOTAP registration	Fees estimated at USD5,000 (provided no extensive review, drafting or redrafting of the relevant agreement is required.		Four to eight weeks
9	Industry-specific licenses	Depending on relevant industry		