



Breakdown of Cost of Foreign Company Incorporation in Nigeria in 2026

Description

Incorporating a foreign company in Nigeria in 2026 requires a clear understanding of the cost structure right from the start. Below is a comprehensive cost breakdown for the two main types of companies available in Nigeria, Private Limited Companies (Ltd.) and Public Limited Companies (PLC). This guide focuses on the fees you will encounter, along with step-by-step instructions, tables, FAQs, and common misconceptions.

Cost Breakdown at a Glance

Private Limited Company (Ltd.)

- **First Million (including name search, filing fee, stamp duty, and professional fee):**
₦85,000
(Approximately USD 53)
- **Subsequent Millions (per additional ₦1 million):**
₦30,000
(Approximately USD 19 per million)

Example: For a company with ₦100 million share capital, the total cost is:

$₦85,000 + (₦30,000 \times 99) = \mathbf{₦3,005,000}$

(Approximately USD 53 + (99 × USD 19) = USD 1,934)

Public Limited Company (PLC)

- **First Million (including name search, filing fee, stamp duty, and professional fee):**
₦105,000
(Approximately USD 66)
- **Subsequent Millions (per additional ₦1 million):**
₦40,000
(Approximately USD 25 per million)

Example: For a company with ₦100 million share capital, the total cost is:

$₦105,000 + (₦40,000 \times 99) = \mathbf{₦4,005,000}$

(Approximately USD 66 + (99 × USD 25) = USD 2,541)

Incorporation Process: A Step-by-Step Guide

Once you are clear on the cost, follow these clear-cut steps to incorporate your foreign company in Nigeria:

Step 1: Name Search and Reservation

- **Conduct a Name Search:**
Visit the Corporate Affairs Commission (CAC) online portal to verify that your proposed company name is available.
- **Reserve the Name:**
If the name is available, reserve it immediately by paying the nominal reservation fee (which is included in the first million cost).
Tip: Submit at least two name options to improve approval chances.

Step 2: Preparation of Documents

Gather the essential documentation:

- **Identification Documents:**
Passport copies or national IDs for all directors and shareholders.
 - **Registered Office Proof:**
Evidence of your Nigerian office address.
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- **Memorandum and Articles of Association (MEMART):**

These outline your company's objectives, governance structure, and internal regulations.

- **Share Capital Details:**

Provide the proposed share capital and shareholding breakdown.

Step 3: Payment of Fees and Filing

- **Payment Process:**

Submit the fee corresponding to your company's share capital

- **Filing:**

Upload all required documents along with your proof of payment on the CAC portal.

- **Certificate of Incorporation:**

Once your application is approved, the CAC will issue your Certificate of Incorporation.

Step 4: Post-Incorporation Compliance

- **Tax Registration:**

Upgrade the Tax Identification Number (TIN) on your CAC Certificate to TaxPromax for all tax related activities.

- **VAT Registration:**

Register for Value Added Tax if applicable to your business.

- **Corporate Bank Account:**

Open a bank account using your Certificate of Incorporation and TIN.

- **Ongoing Compliance:**

File annual returns and update any changes with the CAC to remain in good standing.

Additional Costs and Considerations

While the primary incorporation fees are detailed above, consider these additional expenses:

- **Post-Incorporation Fees:**

Costs associated with annual returns, document updates, and other statutory filings.

- **Tax and VAT Registration Fees:**

Nominal fees may apply when registering with the FIRS.

Planning these extra expenses will ensure that your overall budget is comprehensive and avoids surprises.

Frequently Asked Questions (FAQs)

1. What is the basis for the cost breakdown?

Answer:

The cost structure is calculated based on the share capital of the company. The fee for the first million (which covers name reservation, filing, stamp duty, and professional fee) is fixed, with an incremental fee applied to each subsequent million.

2. Can a foreigner incorporate a company in Nigeria?

Answer:

Yes, current Nigerian regulations allow foreigners to register and own companies. A foreigner can be the sole director and shareholder of a Private Limited Company, though Public Limited Companies require at least two directors.

3. How long does the incorporation process take?

Answer:

If all documentation is complete and accurate, the process can take between 3 to 5 working days. Expedited processing options may be available for an extra fee.

4. What documents are required for incorporation?

Answer:

You need identification documents for directors and shareholders, proof of the registered office address, MEMART, share capital details, and completed CAC forms.

5. Are there ongoing costs after incorporation?

Answer:

Yes, companies must comply with annual filing requirements, update their records, and pay any applicable stamp duty or additional fees during capital increases.

6. What is the difference in cost between a Private Limited Company and a Public Limited Company?**Answer:**

For a Private Limited Company, the first million costs ₦85,000 (approximately USD 53) and subsequent millions cost ₦30,000 per million (approximately USD 19 per million). For a Public Limited Company, the first million costs ₦105,000 (approximately USD 66) and subsequent millions cost ₦40,000 per million (approximately USD 25 per million).

Common Misconceptions About Company Registration in Nigeria

Misconception 1: The Process is Overly Complex and Time-Consuming

Reality:

With online registration through the CAC portal, the incorporation process has been streamlined and can often be completed within a few working days.

Misconception 2: Only Nigerians Can Own a Company in Nigeria

Reality:

Foreigners are fully permitted to register and own companies in Nigeria. Regulations now allow a foreigner to be the sole owner of a Private Limited Company.

Misconception 3: Incorporation Fees are Excessively High

Reality:

The fee structure is transparent and directly correlates to the share capital. Incremental fees ensure that companies with lower share capital do not incur disproportionate costs.

Misconception 4: Additional Costs are Unpredictable

Reality:

While there are extra costs for stamp duty, professional services, and compliance, these are standardised and can be accurately budgeted for when you review the full cost breakdown.

Tips for Managing Incorporation Costs

1. Plan Your Share Capital Wisely:

Choose an appropriate share capital that meets regulatory requirements without incurring unnecessary costs.

2. Ensure Complete Documentation:

Double-check all forms and supporting documents to prevent delays and additional fees due to errors.

3. Consider Professional Assistance:

While professional fees add to the cost, experienced advisors can help avoid mistakes and expedite the process.

4. Budget for Ongoing Compliance:

Factor in annual filing fees, tax registrations, and other recurring costs when planning your budget.

5. Monitor Regulatory Changes:

Stay updated on any changes in fee structures or requirements to ensure your cost estimates remain accurate.

Conclusion

Understanding the **breakdown of cost of foreign company incorporation in Nigeria in 2025** is crucial for any foreign investor aiming to enter Nigeria's thriving market. With a clear cost structure; ₦85,000 for the first million and ₦30,000 for each subsequent million for Private Limited Companies, and ₦105,000 for the first million and ₦40,000 for each subsequent million for Public Limited Companies, foreign investors can plan their budgets with confidence.

This guide has provided a step-by-step overview of the incorporation process, starting with the cost breakdown, followed by detailed steps, additional considerations, FAQs, and a discussion of common misconceptions. By focusing on cost management and clear process steps, you are better positioned to make informed decisions and ensure a smooth, cost-effective entry into the Nigerian business landscape.

For more personalised advice or professional assistance with your incorporation process, consider reaching out to reputable corporate service providers. Stay updated on the latest regulatory changes and best practices by subscribing to industry newsletters and following expert blogs.

Category

1. Industry Insights

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