



Incorporation Of a Company By a Nigerian And Foreign Investors

Description

Company Incorporation has always been a global trend. According to the Guinness book of world records, the First Company to be incorporated in the world was a Japanese hot-spring Hotel known as Nishiyama Onsen Keiunkan in 705AD.

This trend has continued for ages because of Man's desire to create value which in turn results in wealth. The following are some of the reasons why it is legally beneficial to have a Business outfit incorporated by Nigerian or Foreign investors in which the Liability (profit or loss) of Members are Limited to the exact number of shares owned by such individual;

Benefits of Incorporation of a Company in Nigeria

- Limited fiscal liability – An investor's personal investments are protected and they are only responsible for company debts up to the worth of their shares. In practice, most foreign Investors protect their Wealth by either franchising their brand to other local Investors or by using the parent company as the majority shareholder in the Nigerian Outfit.
- Incorporated position will greatly develop an Investors specialised figure and business profile. Limited companies are often more interesting to prospective clients and investors, giving the inkling of a well-organised, established and reputable business.
- A prospective foreign investor can benefit enormously due to the growth of the Nigerian economy by offering their shares to the public, thereby raising funds for the Company.

- A 100% Foreign Company, which has been registered in Nigeria can also [partner with other local companies be it through a merger or other collective investment schemes](#) to benefit from the enormous natural and human resources in Nigeria
- Ownership of a limited company can be transferred or transmitted to other individuals. As the company exists as a separate legal entity from the individual, the company can continue to exist even in the event of the owners' death – unlike a sole proprietorship.
- When a Prospective Company name has been reserved for a Foreign Investor by the Corporate Affairs Commission, it is protected and cannot be used by any other Profit or non-profit Organisation in Nigeria.
- Companies limited by shares allow for strategic financial planning with regards to tax. Profits can be distributed by way of salary and dividends, and this can make it a very tax effective structure.

Now that we have taken a cursory look at the Historical development of the concept “Company” and benefits of establishing a Limited Liability Company in Nigeria by an Investor, it will be apt to glimpse at the [process and procedure required to establish a Company by a Foreign Investor](#) so as to benefit from the massive investment opportunities in Nigeria.

PROCESS AND PROCEDURE.

1. Check for availability of proposed company name: This is the First step an Investor through his or her Corporate Attorney has to take to show seriousness about reaping from the vast resources (especially cheap Labour) in Nigeria. The **Corporate Affairs Commission (CAC)** in Nigeria affords the luxury for an applicant to submit two names from which one will be selected and reserved for 60 days.
2. Complete pre-registration form – [\(Online using Company Registration Portal\)](#). At this stage, the Investors will be required to supply their personal details such as Names, Nationalities, Residential address, Date of Birth, Phone number, e-mail addresses, Nature of business, and Means of identification which is basically International Passport, Drivers license or Valid Voters card. This is also the stage an Investor will be required to show the nature of his or her proposed investment in Nigeria
3. Payment of filing *and* Stamp duty fees is the next activity that will be made in the process of completing the incorporation process.
4. The following are the pre-registration documents that will be required for upload:

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- Completed and signed Form
 - Memorandum and Article of Association (MEMART)
 - Recognised form of identification for Director(s)/Subscriber(s) and Secretary
 - Evidence of payment to CAC.

In conclusion, equipped with all Relevant CAC Documents, it will be hurdle Number one crossed. A critical look at the various documents required to process all Government regulatory applications shows that Company Formation at the CAC is indispensable.

For more information on the above topic, please call 08180524686 or send an email to info@ica.ng

Category

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