



Guide to Registering a Nigerian Company for Foreign Investment: How to Invest through Foreign Portfolio Investment (FPI) Without Relocating

Description

Foreign investors can register a company in Nigeria, invest via Foreign Portfolio Investment (FPI), and manage operations remotely without the need to relocate. Nigeria offers a robust legal framework, investor protection mechanisms, and a strategic gateway into Africa. This resource covers every aspect of the process; from incorporation and regulatory requirements to structuring management arrangements that ensure local directors are contractually bound to generate profit and repatriate funds, so that you can confidently operate your investment from anywhere in the world.

Overview & Objectives

Nigeria is Africa's largest economy by population and presents enormous growth potential. The nation offers liberal investment policies and robust investor protection measures that make it a strategic gateway to the African market.

Objectives of this Presentation:

- Detail the step-by-step process for incorporating a company in Nigeria under current laws.
- List all regulatory documents and legal instruments required for compliance.
- Explain how to structure management and director responsibilities so that local directors are contractually bound to ensure profitability and repatriate funds.
- Clarify the requirements regarding a Nigerian registered office versus the personal

addresses of foreign investors.

Nigeria's Regulatory Framework

Key Legislation:

- Companies and Allied Matters Act (CAMA) 2020
- Nigerian Investment Promotion Commission (NIPC) Act
- Foreign Exchange (Monitoring and Miscellaneous Provisions) Act

Investor Protection Mechanisms:

- Constitutional guarantees that ensure fair and equitable treatment.
 - Protection from arbitrary expropriation, requiring prompt and fair compensation if the government does expropriate.
 - Unconditional transferability of capital and profit repatriation rights via authorised dealers and commercial banks.
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The Incorporation Process: Step by Step

1. Name Reservation:

- Conduct a name availability search with the Corporate Affairs Commission (CAC)
- Reserve at least two alternative names for flexibility.

2. Document Preparation:

- Prepare the Memorandum and Articles of Association outlining the company's objectives and rules.
- Provide full details of all shareholders, directors, and (if applicable) the company secretary.
- Include proof of identity and addresses; note that foreign directors must list their overseas address for personal identification.

3. Minimum Share Capital Requirement:

- For companies with foreign participation, the minimum issued share capital is ₦100
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million, ensuring adequate funding and compliance.

4. Filing and Approval:

- Submit all documents along with the required filing fees and stamp duty (calculated at 0.75% of the share capital) to the CAC.
- Upon approval, you will receive the Certificate of Incorporation, Status Report and a Memorandum and Articles Of Association, which confirm your company's legal existence.

Additional Registrations & Permits

After incorporation, further steps are required:

• Tax Registration:

Obtain a Tax Identification Number (TIN) from the Federal Inland Revenue Service (FIRS) to meet tax obligations.

• Investment Promotion Registration:

Register with the Nigerian Investment Promotion Commission (NIPC) for investor protection and access to incentives.

• Sector-Specific Licensing:

Depending on your business area, obtain additional licenses (e.g., from NAFDAC for food and drugs, NCC for telecommunications, or CBN for financial institutions).

• Business Permit & Expatriate Quota:

If employing foreign staff, secure a business permit from the Ministry of Interior and obtain an expatriate quota prior to applying for Residence/work permits.

Slide 6: Banking, Capital Importation & Repatriation

• Corporate Bank Account:

Open a domiciliary corporate bank account in Nigeria. This account holds your paid-up share capital and facilitates operational transactions via internet banking.

• Certificate of Capital Importation (CCI):

Once foreign capital is deposited, an authorised dealer (typically a commercial bank) issues a CCI within 24 hours, confirming that funds have been imported as required by the

Foreign Exchange Act.

- **Repatriation of Funds:**

The CCI is essential for ensuring that your capital and profits can be repatriated 100% in any convertible currency. Alternatively, a Technology Transfer Agreement may be used if it meets NOTAP registration requirements. Compliance with Central Bank of Nigeria guidelines ensures smooth repatriation.

Slide 7: Structuring Management and Director Responsibilities

- **Directors' Duties:**

Local directors are responsible for daily operations, ensuring regulatory compliance, and driving profitability.

- **Legal Instruments:**

Establish a comprehensive Shareholders' Agreement that specifies profit-sharing, performance metrics, and repatriation obligations.

Implement a Management or Agency Agreement that obligates directors to maintain an investment account under the oversight of the foreign investor.

Secure a Power of Attorney that grants the investor direct control over the corporate bank account via internet banking.

- **Board Resolutions:**

Adopt formal board resolutions to document directors' responsibilities and tie their remuneration to performance benchmarks.

Address Requirements: Local and Foreign

- **Registered Office Address:**

The company must have a physical, verifiable address in Nigeria to serve as its registered office for all legal correspondence and service of process.

- **Directors' and Shareholders' Personal Addresses:**

Foreign directors and shareholders must list their home country addresses. This separation allows compliance with Nigerian law while preserving the foreign investor's residence status.

- **Options for Virtual Offices:**

If a physical presence is not feasible, nominee services or virtual office providers can be

utilised to meet the Nigerian address requirement.

Summary of Required Documents and Registrations

To complete the process, ensure you have the following:

- **Incorporation Documents:**

- Certificate of Incorporation
- Memorandum and Articles of Association
- CAC Status Report

- **Tax & Investment Registration:**

- TIN and migrate it to the TaxPromax Platform.
- NIPC Registration Certificate

- **Banking & Capital Importation:**

- Corporate bank account opening documents
- Certificate of Capital Importation (CCI)

- **Governance & Management Documentation:**

- Shareholders' Agreement detailing profit-sharing and repatriation clauses
- Board Resolutions and Power of Attorney for account oversight

- **Additional Permits and Licenses (as applicable):**

- Sector-specific licenses (e.g., NAFDAC, NCC)
- Business Permit and Expatriate Quota documents (if employing foreigners)

Best Practices and Final Considerations

Before, during, and after incorporation, follow these best practices:

- Engage expert legal counsel specialised in Nigerian corporate and commercial law to guide you through the regulatory process.
- Maintain ongoing compliance by filing annual returns, updating shareholder information, and adhering to all regulatory requirements.
- Utilise virtual management tools such as internet banking and cloud-based accounting systems to monitor operations remotely.

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- Stay informed about any regulatory changes, including updates to minimum share capital or modifications to investment incentives, to ensure continued compliance.
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Conclusion and Call to Action

In conclusion, Nigeria offers a comprehensive, secure, and accessible framework for foreign investment. By carefully following the steps outlined; from incorporating your company, securing all necessary registrations and permits, setting up robust banking structures, and structuring management agreements with clear obligations, you can register, operate, and repatriate profits from your Nigerian company entirely remotely. This article provides all the details you need to navigate Nigeria's legal environment confidently.

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