

Comprehensive Guide to Business Registration in Nigeria

ICA (Ibe Chido & Asociates)

Description

Business Registration in Nigeria is a crucial step for anyone looking to establish a business in the country. The process is overseen by the Corporate Affairs Commission (CAC), which is responsible for all types of incorporations. Depending on the size, ownership, and objectives of your business, you can choose from different registration types. Here is a detailed overview of each category and the steps involved.

Types of Business Registration in Nigeria

In Nigeria, businesses can be registered under various legal structures. The three main types are:

1. **Business Name Registration**
2. **Private Limited Liability Company (Ltd)**
3. **Public Limited Liability Company (PLC)**

Each of these registration types serves specific purposes and has its own set of regulations and procedures. Let us dive into each one.

1. Business Name Registration

Purpose and Applicability:

Business Name Registration is ideal for sole proprietors or partnerships conducting

business under a specific name. It does not create a separate legal entity from its owners. Importantly, only Nigerian citizens or legal residents can register a business name, as foreigners are not permitted to do so.

Key Features:

- Simplest form of business registration.
- Typically used for small businesses.
- Owners are personally liable for business debts and obligations.

Registration Process:

1. **Choose a Unique Name:** Ensure the business name is not already registered.
2. **Complete Registration:** Fill out the registration form with the CAC or through a CAC-accredited agent.
3. **Submit Documents:** Provide necessary documents, including passport photographs, identification, address, and business objectives (no more than two).
4. **Pay Fees:** Pay the registration fee and any additional service fees if using an agent.
5. **Obtain Certificate:** Once approved, download the certificate and other incorporation documents online.

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2. Private Limited Liability Company (Ltd)

Purpose and Applicability:

A Private Limited Liability Company (Ltd) is a separate legal entity from its owners (shareholders). It is the most common form of incorporation in Nigeria and is suitable for profit-making businesses. This structure is recommended for start-ups and can also be upgraded to a Public Limited Liability Company (PLC) if needed.

Key Features:

- Offers limited liability protection to shareholders.
- Shares are privately held and not traded publicly.
- Can be formed by a single person (if Nigerian) or as a subsidiary of another company (local or foreign).
- Minimum authorised share capital for a foreign-owned company is NGN100 million.

Registration Process:

1. **Choose a Unique Company Name:** Ensure it is not already registered.
2. **Prepare Documents:** Draft the memorandum and articles of association, detailing company objectives, shareholder rights, and governance. This can be done by an agent or using the CAC's templates.
3. **Appoint Directors and Shareholders:** Assign directors and allocate shares. The maximum number of members is 50.
4. **Submit Application:** Provide required documents to the CAC, including directors' and shareholders' details, identification, and company objectives.
5. **Pay Fees:** Pay the registration fee and any service fees if using an agent.
6. **Obtain Certificate:** Upon approval, the CAC issues a certificate of incorporation and other documents.

3. Public Limited Liability Company (PLC)

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Purpose and Applicability:

A Public Limited Liability Company (PLC) shares many features with a private limited company but is designed for larger businesses looking to raise capital through public share offerings. This structure is subject to stricter regulatory requirements.

Key Features:

- Suitable for businesses intending to raise public capital.
- Shares are publicly traded.
- Requires at least two directors and a company secretary.
- Must comply with Securities and Exchange Commission (SEC) regulations.
- Minimum authorised share capital is NGN2 million.

Registration Process:

1. **Similar Steps to Ltd Registration:** Follow the same steps as registering a Private Limited Liability Company.
2. **Additional Requirements:** Ensure compliance with SEC regulations and appoint at least two shareholders and five directors, three of whom must be independent.

Post-Incorporation Requirements

After registering your business, there are several ongoing requirements:

- **Tax Registration:** Register with the Federal Inland Revenue Service (FIRS) for a Tax Identification Number (TIN) and VAT Number.
- **Corporate Bank Account:** Open an account using your incorporation documents.
- **Licenses and Permits:** Obtain necessary licenses based on your business operations.
- **Annual Returns:** File annual returns with the CAC and FIRS (first filing is required 18 months after incorporation).

Conclusion

Business Registration in Nigeria involves navigating various legal processes depending on the chosen business structure. Whether registering a business name or incorporating a private or public limited company, understanding the procedures and complying with the regulations is essential. For foreigners, incorporation of a limited liability company is mandatory to conduct business in Nigeria.

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