

Highlights of the Changes to Company Incorporation Process in Nigeria



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In response to Nigeria's poor performance in the World Bank's Ease of Doing Business ranking, the Federal government in August 2016 set up the Presidential Enabling Business Environment Council ("PEBEC or the Committee").

The mandate of the Committee is to, among other things, streamline the process of setting up a company and generally make it easier to do business in Nigeria.

At a forum organised by the committee recently in Lagos, some changes to the process for incorporating a new company were made public.

Highlights of the Changes

- **Single form for Incorporation:** The CAC has consolidated the number of incorporation forms into one single form – the CAC Form 1.1. This Form does not include the CAC Form 2 (Statement of Share Capital and Return of Allotment). According to the CAC, the share capital and shareholding are set out in the memorandum of association of the company and there is no need for a separate form to repeat the same information.
- **Self-service:** First directors of companies may now process the incorporation of companies at the CAC themselves. They will however still require a lawyer to sign off the statutory declaration of compliance with CAMA (former Form CAC4).
- **Articles:** Companies are no longer required to adopt the CAC's standard articles and may now prepare their own articles.
- **Decentralised registration:** The CAC office in Lagos (and its other regional offices) is now equipped to handle the incorporation of companies from start to finish without recourse to the headquarters in Abuja.
- **Automation:** The incorporation process will be fully automated in the coming weeks, which will make it possible to submit documents

for verification and filing electronically. This will dispense with the requirement to submit original documents.

- **Electronic stamping and TIN:** As a result of collaboration with the Federal Inland Revenue Service ("FIRS"), it will be possible to electronically stamp CAC documents on the CAC website. It will also be possible for newly incorporated companies to receive their Tax Identification Number ("TIN") at incorporation.
- **Online search:** It is now possible to conduct a limited search on a company on the CAC website (RC Number, full name of company and its registered address).

Our Comments

These changes if properly implemented will significantly improve the ease of setting up companies in Nigeria. It will also reduce the associated costs attributable to the existing cumbersome process.

While the changes were presented as fully implemented, our checks revealed that some are still in progress.

We however commend the efforts and encourage investors to take advantage of these initiatives while government should extend the improvements to other areas such as post-incorporation compliance. All the processes including information requirements should be further simplified to improve Nigeria's competitiveness.

