COMPANY LAW PRACTICE

GREENFIELD CHAMBERS IN-HOUSE LECTURERS

BY

LUCIA NGOZI ANYANOR ESQ

INTRODUCTION

Starting a business in Nigeria can be rewarding and fulfilling, but it can also be a complex process with many different steps and requirements. In this presentation, we will explore the different types of businesses that can be registered in Nigeria, the cost of registration, and the documents required for registration.

WHAT IS A COMPANY?

- According to the defining law in Nigeria a company is a legal entity formed by a person or group of individuals to engage in and operate a business enterprise in a commercial or industrial capacity.
- Companies may be either public or private; the former issues equity to shareholders on an exchange, while the latter is privately owned and not regulated.
- A company is generally organized to earn a profit from business activities.

HOW DOES A COMPANY WORK

- A company is essentially an artificial person, also known as corporate personhood in that it is an entity separate from the individuals who own, manage, and support its operations. Companies are generally organized to earn a profit from business activities, but some may be structured as nonprofit charities.
- A company has many of the same legal rights and responsibilities as a person does, like the ability to enter into contracts, the right to sue (or be sued), borrow money, pay taxes, own assets, and hire employees.

TYPES OF COMPANIES THAT CAN BE REGISTERED IN NIGERIA

- In Nigeria, like in other countries, business operations are regulated by law, which allows for certain types of business operations. Some of these business structures range from enterprises to limited liability companies. The Companies and Allied Matters Act (CAMA) 2020 also has rules about how these businesses can register and run. The Act empowers the Corporate Affairs Commission (CAC) to conduct the affairs of registering businesses in Nigeria.

LEGAL FORMS OF BUSINESS IN NIGERIA

There are various business entities that can be registered under the CAMA, they include but are not limited to:

- Sole Proprietorship
- Private limited company
- Public limited company
- Public Company Limited by Guarantee
- Private Unlimited Company

SOLE PROPRIETORSHIP

- In this type of business, the business owner is the same as the business itself and bears the liability incurred by the company rather than the industry taking the risk. Also, the business owner enjoys the profit for the business alone.
- One of the significant advantages of this business type is that it allows the business to operate a corporate business account in its name.

PRIVATE COMPANY LIMITED BY SHARES

- Unlike a sole proprietorship, a private limited company operates as a full-fledged company. In law, this type of corporation is regarded as a “juristic person,” meaning that it has the right to sue and be sued in its registered name.
- a private limited company can be registered by one individual of at least 18 years. Some of the features of this type of business include that the members must be at most a maximum of fifty, the minimum issued share capital is N100,000, and the company’s owners are different from the company. This means that the company owners are not liable for an act done by the company, and their liability is only limited to the number of shares they own. So, in the event of liability, the owner’s assets are safe.
- One of the downsides of this type of company is that its shares are private, meaning that you cannot trade them on the public stock exchange market.

PUBLIC LIMITED COMPANY

- The public limited company is an extension of the private limited company. This business structure is most suitable for large companies. Its shares are publicly traded on the stock market and are required by law to publish their financial records annually for transparency and accountability. Of course, this type of corporation can only be registered in Nigeria by a minimum of two adults. And it operates with a share capital of N2,000,000. Examples of this kind of company are banks.

PUBLIC COMPANY LIMITED BY GUARANTEE

- These types of companies are otherwise referred to as “non-profit organizations.” They are registered not so they can make money, but so they can help people in need. They may have unlimited shares, but the owners’ (shareholders’) liability is limited. And because they are not in business to make profits, they don’t sell their shares on stock exchanges.

PRIVATE UNLIMITED COMPANY

- A private unlimited company is not a very popular type of business registration in Nigeria, even though it's similar to private and public limited companies. In this kind of company, the liability is unlimited because the company stakes that it will have sufficient assets to meet its obligations in the event of liquidation.

PARTICULARS NEEDED TO REGISTER A BUSINESS IN NIGERIA

- Business address
- Objects of company
- Business email, Business phone number
- Director(s) / shareholders
- a. address
- b. Phone number
- c. Date of birth
- d. Email address
- e. ID (NIN)
- Sharing formula
- Secretary details (if any)
- Signature signed on a paper

THE PROCEDURE FOR REGISTERING A COMPANY

- The procedures for registering a company in Nigeria encompass various steps and requirements. These include but are not limited to;
- Carry out a name reservation by choosing two suitable company names and checking for their availability with the Corporate Affairs Commission. Name reservation costs #500
- Commence the company registration with the availability code provided by the Commission after the approval of the name reservation.
- Prepare the Memorandum of Association and all related documents based on the objects of the companies to be registered. It is best to consult a lawyer for this. (The Commission provides a template for this on the registration portal).
- Fill out the registration form on the Corporate Affairs Commission (CAC) portal to be submitted alongside other required documents.
- After filling out the registration form, and confirming the information provided, the filing fee and stamp duty fees are paid online via the Remita platform.

Note that the procedure for incorporation is by means of the electronic registration portal

THE COST OF REGISTERING A BUSINESS IN NIGERIA

- The cost of registering a business in Nigeria varies depending on the type of business and the state in which it is registered. For example, the cost of registering a sole proprietorship or a partnership in Abuja is approximately 25,000 Naira.
- Registering a LLC in Abuja is about 75,000 Naira. In addition to the fee for registering a business, there may be other costs, such as legal fees, accounting fees, and the cost of getting any licenses or permits that are needed.

HOW LONG DOES IT TAKE TO REGISTER A NEW COMPANY IN NIGERIA?

- Depending on the Corporate Affairs Commission (CAC) workload and other factors like server downtime, company registration in Nigeria may take about a week or less.

THANK YOU FOR LISTENING