



EASE OF DOING BUSINESS IN NIGERIA: RECENT CHANGES IN INCORPORATION PROCESS

CONTACT DETAILS:

For further information, please contact



Eniola Durojaye:

eniola.durojaye@advocaat-law.com

T: +234-1- 4531004, 4547932, 2714042

W: www.advocaat-law.com

As part of the Federal Government's ("FG") efforts towards to improve its poor performance in the World Bank's Ease of Doing Business index as well as easing the process of doing business in Nigeria particularly for Foreign investors, the FG set up a committee known as Presidential Enabling Business Environment Council ("the Committee") that has been saddled with the responsibility (among other things) of devising means of simplifying the process of establishing and sustaining businesses in Nigeria. The committee is expected to work hand in hand with Corporate Affairs Commission ("CAC") to implement these measures.

In furtherance of the above objective, the Committee has thus far been able to proffer a few changes (some of which are already being implemented at the CAC) to the process of doing business in Nigeria. These changes were recently announced at a stakeholder's forum organized by the Committee. These changes are as follows:

1. Single form for Incorporation

The Committee introduced a *'one form for all'* system. Consequently, the incorporation forms (CAC Form 1, CAC Form 3, CAC Form 4, CAC Form 2A, CAC Form 7 etc) have all been consolidated into one single form referred to as **CAC Form 1.1** save for the CAC Form 2 (Statement of Share Capital and Return of Allotment). This is premised on the fact that the share capital and shareholding are already set out in the Memorandum of Association of the company as such, there is no need to repeat the same information in the CAC Form.

2. Self Service by First Directors

The Committee also introduces a regime that allows the first directors of companies to carry on with the incorporation of companies at the CAC themselves without any sort of professional help. Nevertheless, the services of a legal practitioner would still be

required to sign off the '*statutory declaration of compliance*' in compliance with the provisions of the Companies Allied Matters Act CAP 20, LFN 2004 ("CAMA") to conclude the incorporation process.

3. Decentralized registration

The power to fully conclude incorporation application has now been delegated to all regional CAC offices in Nigeria. As such, an incorporation application can now be commenced in a state (or regional) office of the CAC without recourse to the CAC headquarters in Abuja. This is highly commendable as it enhances the speed at which incorporation is concluded as well as eliminates the delay that comes with having to revert to the headquarters for conclusion of one's application. To further strengthen this resolve, the CAC has put in place structure to procure the completion of the registration of companies within 24 hours.

4. Automation/Online Search

The Committee also noted that in the nearest future, the incorporation process will be fully automated. As such, companies may now decide to make electronic submission of the documents required for verification, filing and documentation purposes at the CAC thereby dispensing with the requirement to submit original documents. This would go a long way in reducing the expenditure of companies in terms of cost expended on stationary and cost of conveying these original documents to the relevant CAC office for use.

In addition, the Committee also revealed that the CAC has provided a platform that allows members of the public to conduct limited search (RC Number, full name of company and its registered address) on any company on the CAC website for now. It is hoped that the scope of search would be extended to include other information in the future.

5. Electronic stamping and Tax Identification Number ("TIN")

It has also been revealed that the Federal Inland Revenue Service ("FIRS") would collaborate with CAC in respect of electronic stamping of incorporation documents of a company and issuance of TIN. In view of the foregoing, companies will now be able electronically stamp their CAC documents on the CAC website without having to be physically present at the FIRS office. In addition, newly incorporated companies can now obtain their TIN at incorporation electronically on the CAC website.

Conclusion

The above measures introduced by the Committee and CAC are laudable and commendable as these measures would help in

mitigating some of the difficulties encountered in doing business in Nigeria as well as aid the fast tracking of the incorporation process in Nigeria which in the long run would encourage foreign investors to do business in Nigeria.

The above said, it suffices to say that there are still some issues that need addressing to further enhance the overall ease of doing business in Nigeria. There must be better co-ordination between the CAC and other relevant agencies of government (NIPC, SEC, NIS etc) vested with the oversight administration of foreign participation in ventures in Nigeria.