

NIGERIA

Nigeria - Mixed (Common and Sharia law)

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Incorporating a company in Nigeria

Nigeria taxes

Want to setup a company in Nigeria? This will tell you about tax laws for a LLC, which is the most common company structure in Nigeria.

Nigeria imposes tax on resident companies worldwide income. The predominant estimated effective tax rate for offshore income, from our research, and these things do change, is 32%. The country may not have exemptions to bring in profits made internationally. Taxes are higher than average in Nigeria because corporate income tax is 30% plus an educational tax of 2%. This ranks Nigeria as 156th when compared to corp. taxation rate internationally.

The valued added tax rate in Nigeria is 5.00%, which ranks Nigeria as 27th when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 10% to the equivalent of a social security fund and an employee will contribute 10.50%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 908hours. Contributing to this is the number of yearly labor tax payments, which is 35 in NG.

Thin capitalization rules are not in play. Thin capitalisation refers to any type of restrictions on given company with respect to debt-to-asset ratios. Dividends paid by resident companies to other resident companies are subject to a withholding tax of 10%. Dividends received from foreign companies are subject to corporate income tax. A dividend is distributions of an earnings of the legal entity, established by the board, to a class of its shareholders. Dividends can be one of the following shares of stock, cash payments, or other property. Capital Gains are taxed separately than ordinary income, at a flat rate of 10%. Stock dividends may be tax exempt. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 10%. Which means that the taxman expects LLC's to pay tax on 10% of interests paid to foreign entities. The dividends withholding tax rate is 10%. Which means that the taxman expects relevant legal entities to pay tax on 10% of dividends paid to non-resident companies. Dividends paid to non-resident individuals are subject to a withholding tax reduced rate of 5%. The royalties withholding tax rate is 10%. This means that the relevant tax authorities expects companies to automatically withhold 10% of royalties remitted abroad. Nigeria has concluded several tax treaties that may reduce withholding tax rates.

There is no known tax on wealth in Nigeria. There are no known inheritance taxes. There are real property taxes. There are no commonly used research and development breaks on taxation in NG.

The above is not tax or legal advice for your individual facts and circumstances. We can help you to find to a tax advisor in Nigeria who can answer all your questions. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Nigeria is 5% which ranks 26 in the world.

- ✗ **Patent box**
- ✗ **RND credit**
- ✗ **Wealth tax**
- ✗ **Estate tax**
- ✗ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 17** **Tax treaties**
- 32%** **Offshore Tax**
- 32%** **Corp rate**
- **Loss carryback years**
- 398** **Corporate time**
- 5%** **VAT rate**
- 10%** **Capital gains**
- No** **AEOL planned**

Nigeria Legalese

When incorporating, you must look at the law in the country, in Nigeria is mixed (common and sharia law) law. You will want to get some local advice as to how to best structure a company in Nigeria. E-signatures are allowed.

The country code NG is for Nigeria and the most common legal entity structure in Nigeria is a LLC.

The average time to incorporate is 1 month to put together the paperwork and file a LLC in NG. The types of currencies you can use to setup your company is frequently any legal tender.

To "re-dom" a company is not common, and there are no re-domiciliation laws.

There must be at least This means it is not possible for you to own a LLC in Nigeria as a sole shareholder. You must have other shareholders, they can be nominees or de facto shareholders. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is tolerated, up to 100% of the total shareholding.

There is a requirement to have at least 2 directors. Additionally, corporate directors are not permitted. Directors are disclosed publicly. There is a requirement to have annual meetings of shareholders.

A registered office is a requirement, whom the company will pay yearly, for a legal services company which can receive any official legal correspondence on behalf of the registered legal entity. Moreover, a corporate secretary is another cost you will need to incur.

There is a legal obligation to file accounts on a yearly basis. However, there is oftentimes a requirement to have these accounts audited.

Overall we think Nigeria is a bad option and have given it a score of 17 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✗ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✓ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 2 Shareholders required**
- 2 Directors required**
- 1 month to form**

NIGERIA

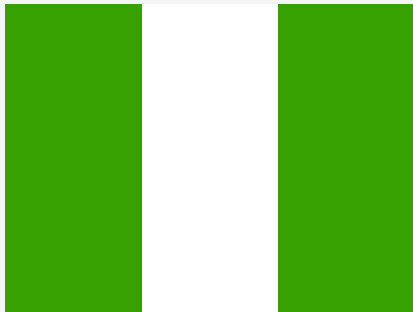
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Country Info



🏴 National Flag of

**Federal Republic of
Nigeria (eng)**

\$ Currency

NGN

📞 Area Code

+234

🏛 Capital

Abuja

📍 Region

Western Africa

🌿 Native Languages

English