

NEW MINIMUM PAID-UP CAPITAL FOR COMPANIES WITH FOREIGN PARTICIPATION.

Introduction

On **Tuesday, December 6, 2023, The Corporate Affairs Commission** (the “**Commission**” or “**CAC**”) released a public notice on the minimum paid-up capital for Nigerian companies with Foreign Participation (the “**Public Notice**”). This Public Notice, was concerning the Commission’s commencement of the implementation of the provisions of the Revised Handbook on Expatriate Quota Administration 2022.

Need-to-know Information

Under the Revised Handbook on Expatriate Quota Administration 2022, Business Permit is granted only to wholly foreign owned or joint venture companies with foreign participation, with a minimum paid-up capital of One Hundred Million Naira (₦100,000,000) to enable them commence business in the Federal Republic of Nigeria.

However, by reason of the Public Notice, the Commission has aligned with this position, such that any application for incorporation of a company having foreign participation shall only be processed, where the minimum paid-up capital of such company is up to One Hundred Million Naira (₦100,000,000). The purport of this is that any company with foreign participation seeking to be incorporated in Nigeria with a paid-up capital below this approved threshold is automatically disqualified.

It is worthy of note that the Public Notice does not only apply to newly incorporated companies, but also to existing companies with foreign participation having less than One Hundred Million Naira (₦100,000,000) paid-up capital, as such companies are expected to comply with this requirement within six (6) months from the date of issuing the Public Notice. Failure to adhere to this timeline shall translate to compulsory winding-up of erring companies in line with Section 571(e) of the Companies and Allied Matters Act 2020.

Conclusion

The introduction of the minimum paid-up capital for Nigerian companies with Foreign Participation is a step in the right direction, as it increases the investment of foreign wholly owned companies, or joint ventures with foreign participation in the country. Also, this Public Notice erodes all instances of inconsistencies and ambiguity which might occur by reason of the dual position previously maintained. In addition, since the capital is paid up, there is a likelihood of increase foreign exchange in Nigeria in the nearest future

For more information on this newsletter, please contact



Adekunle Obebe
Partner

kunle.obebe@bloomfield-law.com



Jadesola Alase
Associate

jadesola.alase@bloomfield-law.com

or your usual contact at Bloomfield LP.

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