



Doing Business in

Nigeria 2008

Doing Business in Nigeria 2008

COMPARING REGULATION IN 10 STATES AND ABUJA, FCT

Doing Business

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Contents

Doing Business in Nigeria 2008 is the first subnational report on Sub-Saharan Africa in the *Doing Business* series. The report covers 10 states and Abuja, FCT, comparing them with each other and with 178 economies around the world. Comparisons are based on the indicators in *Doing Business 2008*.

Doing Business measures how government regulations enhance or restrain business activity. This study focuses on four *Doing Business* indicators with substantial subnational variance in Nigeria: starting a business, dealing with licenses, registering property, and enforcing contracts. The indicators are used to analyze the economic outcomes of regulations and to identify what reforms have worked and why.

The methodology has limitations. Other areas important to business—such as the quality of infrastructure services, proximity to major markets, security of property from theft and looting, transparency of government procurement, status and stability of macroeconomic conditions, and quality of institutions—are not studied directly by *Doing Business*. To make data comparable across countries, the indicators refer to a specific type of company—generally a limited liability company—and describe procedures for a standardized business transaction.

This project is part of the Nigeria Subnational Investment Climate Program, which supports state governments in improving their business environments. This program is the Nigerian government's response to its National Economic Empowerment and Development Strategy (NEEDS) and the Country Partnership Strategy between it, the U.K. Department for International Development, and the World Bank Group, which aims to

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create momentum for reform through dialogue between the private and public sectors in participant states and to drive investments and non-oil growth in these states and to reduce income poverty through shared sustainable economic growth in Nigeria's non-oil sector. This study is part of a three-instrument benchmarking process for Nigeria that also included an Investment Climate Assessment (ICA) and State Level Policy and Institutional Mapping (SLPIM), initially covering 10 states and Abuja, but expanding to all 36 Nigerian states by 2009.

Overview

How easy is it to do business in Nigeria? Among 178 economies compared based on the attractiveness of their business environments in the World Bank's *Doing Business 2008* report, Nigeria—represented by Lagos—ranks at 108. Several Sub-Saharan countries place ahead of Nigeria, including Botswana, Ethiopia, Ghana, Kenya, and South Africa. Worldwide, doing business is easiest in Singapore, followed by New Zealand, the United States, and Hong Kong (China). Mauritius, at 27, is the only African country among the top 30 (table 1.2).

In 2006/07 it became easier to do business in Nigeria, reflecting improvements in two of the main areas measured by the *Doing Business* indicators.¹ Business registration became faster thanks to computerization of the company registry—checking on the availability of a company name can now be done online. Obtaining a building permit also became faster, and in Lagos the process can be completed in 30 business days.

Despite these reforms, Nigeria's overall ranking did not improve, because other countries have been reforming even more vigorously. In 2006/07, 98 economies introduced some two hundred reforms. Burkina Faso, Ghana, Kenya, Madagascar, and Mozambique were lead-

TABLE 1.1

Doing business in Nigeria—where is it easiest?

Rank	State	Rank	State
1	Kaduna (easiest)	7	Enugu
2	Abuja, FCT	8	Lagos
3	Bauchi	9	Anambra
4	Kano	10	Cross River
4	Sokoto	11	Ogun (most difficult)
6	Abia		

Source: *Doing Business* database.

ing reformers in Africa, facilitating various aspects of doing business—in areas such as company registration, trade, licensing, and contract enforcement—and boosting their rankings. Many large emerging economies were also among the top reformers, including China, Egypt, India, Russia, and Vietnam (figure 1.1).

Comparing business regulations across Nigerian states

Lagos, as Nigeria's most populous city and main commercial center, represents the country in the global *Doing Business 2008* report. This study expands that research to include 9 other Nigerian states as well as Abuja.² While the global *Doing Business* report covers 10 areas of business regulation—including employing workers, getting credit, protecting investors, paying taxes, trading across borders, and closing a business—this study focuses on four areas with considerable subnational variance: starting a business, dealing with licenses, registering property, and enforcing contracts.

Requirements for starting a business are similar across all Nigerian states. Startup procedures are governed by the 1990 Companies and Allied Matters Act and administered by the Corporate Affairs Commission. In the past, company registration was possible only in Abuja, where the Corporate Affairs Commission's

FIGURE 1.1

Fast reformers in Africa and among emerging economies

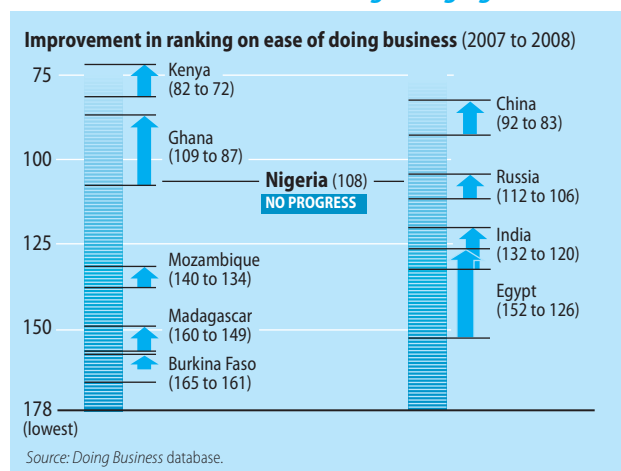


TABLE 1.2

Top 30 countries on the ease of doing business

Rank	Rank	Rank			
1	Singapore	11	Norway	21	Netherlands
2	New Zealand	12	Japan	22	Latvia
3	United States	13	Finland	23	Saudi Arabia
4	Hong Kong, China	14	Sweden	24	Malaysia
5	Denmark	15	Thailand	25	Austria
6	United Kingdom	16	Switzerland	26	Lithuania
7	Canada	17	Estonia	27	Mauritius
8	Ireland	18	Georgia	28	Puerto Rico
9	Australia	19	Belgium	29	Israel
10	Iceland	20	Germany	30	Korea, Rep.

Source: *Doing Business* database.

headquarters are located. Today state offices of the commission have been established in all Nigerian states and are fully operational in 29, including the 10 states, along with Abuja, covered by this study.

Although the state offices can register business names, applications for company registration must still be forwarded to the Commission's Abuja headquarters, where the documents are processed and certificates of incorporation are printed. Company registration is fastest in Abuja, where the entire process—including registration with tax authorities—can be complete in 22 days. Registration is slowest in Cross River, where it takes five weeks longer on average. Not surprisingly, many applicants continue to travel to Abuja and submit their applications directly at the headquarters of the Corporate Affairs Commission.

The process for obtaining building permits varies substantially by state. Procedures are typically more burdensome and costly in the south, where land pressures are greater than in the north. Illegal construction and building collapses plague many Nigerian cities. But extremely high fees for building permits—equal to as much as 826 percent of Nigeria's income per capita in cities like Lagos—do not help the situation. To lower the fees, some builders submit fake plans or construct without permits, sometimes resulting in unsafe buildings. Where permit fees are more affordable, such as in Calabar and Sokoto, builders are more likely to obtain lawful approvals.

Registering property is the most burdensome area of regulation, ranking Nigeria 173 among 178 economies. The 1978 Land Use Act mandates that every transfer for right of occupancy requires governor consent. This requirement is the main hindrance for land and property transfers in Nigeria—and of the 178 economies covered by the *Doing Business* database, only 11 others have a similar requirement. Though all Nigerian states must comply with this law, the efficiency of the process varies widely. In Kano consent can be obtained in just 1 week, while in Anambra it takes an average of 6 months. Overall, consent can be obtained 2.5 times faster in states where it is delegated than in states where each consent must be personally authorized by the governor.

Contract dispute resolution has been at the core of Nigeria's reform efforts. The process was initiated shortly after the end of military rule, and in 2004 Lagos adopted new High Court rules for civil procedures, followed soon after by Abuja. The new rules incorporate various elements aimed at expediting dispute resolution: front-loading of evidence, pretrial hearings, and deadlines for actions.³ Encouraged by the success of the new High

TABLE 1.3
Nigerian states with best practices for doing business

Indicator	Global ranking (178 economies)
Procedures to start a business	
Abuja (5 procedures)	11
Days to open a business	
Abuja (22 days)	59
Cost to open a business	
Abuja (37% of income per capita)	112
Procedures to build a warehouse	
Bauchi, Kaduna (12 procedures)	21
Days to build a warehouse	
Sokoto (46 days)	4
Cost to build a warehouse	
Kaduna (142% of income per capita)	77
Procedures to register property	
Abuja, Bauchi (10 procedures)	159
Days to register property	
Kano (38 days)	68
Cost to register property	
Abuja (9% of property value)	129
Days to enforce a contract	
Abia (315 days)	26
Cost to enforce a contract	
Kaduna (13% of debt)	14

Source: Doing Business database.

Court rules in Abuja and Lagos, several other states—including Anambra, Enugu, and Kaduna—implemented them in 2006 and 2007. Other states are in the process of transitioning to the new rules. Another successful measure has been a project to evaluate judges conducted by the National Judicial Council; the project has disciplined members of the bench across Nigeria.⁴

The 10 Nigerian states and Abuja covered by this study vary significantly on the *Doing Business* indicators, with northern states and Abuja performing better than southern ones (table 1.1). These rankings may partly reflect the lower demand for business services in smaller cities and the high volume of transactions that larger cities, especially Lagos, must accommodate. Variations between the states also illustrate the opportunity to become globally competitive without changing federal laws. Some Nigerian states already perform up to international standards. If a hypothetical state, “Nigeriana,” were to adopt the best regulations already in place in Nigeria, its ranking would improve in all four areas of regulation that are the focus of this study (table 1.3)—putting it in 51st place among the 178 economies measured in the global *Doing Business* report.⁵

For example, implementing Sokoto's speedy process of complying with building regulations and Kaduna's cost structure would make obtaining building permits and

utility connections nearly as fast as in the United States, and equally as inexpensive as in Italy, placing “Nigeriana” at 18th in the global *Doing Business* rankings on this indicator. Similarly, if contract enforcement were as fast as it is in Abia or as inexpensive as in Kaduna, dispute resolution would be 26 days faster than in Denmark, and the costs comparable to those paid by litigants in Hong Kong (China)—ranking “Nigeriana” 23rd among 178 economies measured on the ease of enforcing contracts.

But even the best Nigerian states are not internationally competitive for some indicators. Property registration is simpler and cheaper in Abuja than in any Nigerian state. However, with 10 procedures costing 9.2 percent of property value, Abuja remains one of the world’s most difficult and expensive places to register property. Reform is sorely needed for Nigeria to catch up with economies where doing business is simple, fast, and inexpensive.

Why reform?

Higher rankings on the ease of doing business are associated with more growth, more jobs, and a smaller informal economy (figure 1.2).⁶ High costs of doing business push many entrepreneurs into the informal sector—a serious problem in Nigeria. In 2002/03 the share of output generated by the shadow economy accounted for 59 percent of Nigeria’s GDP, compared with 16 percent in China, 26 percent in India, and 29 percent in South Africa.⁷

Informality hurts both governments and entrepreneurs. The state treasury forgoes taxes, and informal businesses find it hard to obtain credit, use courts, or access other public services. As a result informal companies tend to be smaller and less productive than their

formal counterparts. Reform brings businesses and employees into the formal sector. Women and young workers—the majority of informal workers—will be primary beneficiaries of reform.

It is important to know not only what to reform, but also how. Effective communications strategies are an essential part of successful reform. When a new Corporate Affairs Commission branch or Stamp Duty office is established in a Nigerian state, but local lawyers and accountants are unaware of it and continue traveling outside the state to incorporate companies or stamp documents, the goals and tasks of reformers have not been achieved. Similarly, when new High Court rules are introduced in a state, they can yield expected results only if both lawyers and judges are properly trained in their use.

Subnational comparisons as drivers of reform

Benchmarks on the time and cost of conducting everyday business transactions—such as the benchmarks presented above—allow reformers to focus on the main constraints to economic growth. Competition across countries seeking to fare better on global *Doing Business* rankings has already led to numerous improvements in countries as diverse as Burkina Faso, Cambodia, Egypt, and Madagascar.

Subnational comparative data on the ease of doing business can be just as effective for motivating reform at the state level. That happened in Mexico, where a subnational *Doing Business* study covering 12 states was first published in 2005. The data revealed substantial differences in how the same federal laws were implemented at the state level—and inspired policymakers to strive for change. When the assessment was repeated the follow-

FIGURE 1.2

Worldwide, greater ease of doing business is associated with less informality

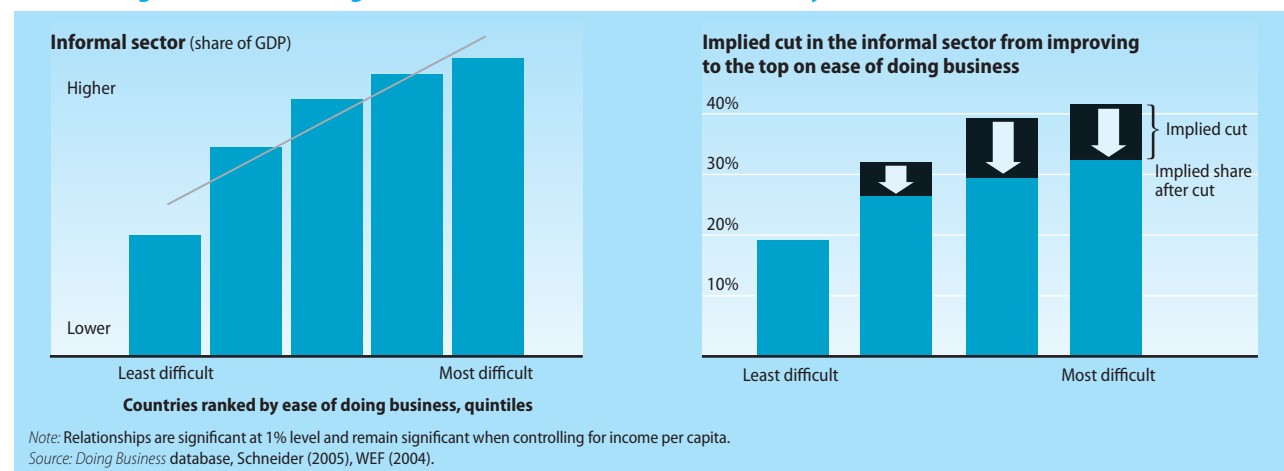
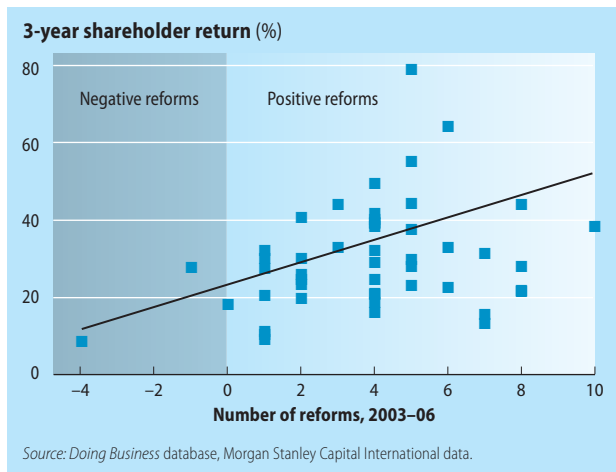


FIGURE 1.3

Around the world, shareholders benefit from reform

ing year, it showed that 9 of the 12 states had reformed at least one area benchmarked by *Doing Business*.⁸ State governments recognized that simple administrative reforms can make their states more competitive, nationally and globally.

Another benefit of subnational comparisons is their potential for sharing best practices. Nigerian state governments need not look afar for ideas on how to improve aspects of their business environments; good practices can often be found in neighboring states. This is particularly the case for procedures to register property. Although all states must follow the same legal framework of obtaining governor consent to transfer a land title, there is no reason the process cannot be as fast in every state as it is in Kano, where consent can be obtained in just 1 week. Similarly, physical valuation of property—which often leads to delays and creates opportunities for corruption—can be eliminated if the authorities develop a fixed schedule of property values, as Lagos has. For

contract enforcement, many states are already introducing the new High Court rules for civil procedures, encouraged by improvements that the rules brought to the courts in Abuja and Lagos.

With other large emerging economies such as China, Egypt, India, Indonesia, Turkey, and Vietnam rapidly transforming, Nigerian states must expedite their pace of reform to convince investors that it is more profitable to allocate their capital in Tinapa rather than Bangalore, Cairo, or Shanghai. The good news for developing countries is that investors assess the attractiveness of emerging economies based on their upward potential, regardless of their starting point. Not surprisingly, equity returns are highest in countries that are reforming the most (figure 1.3). For Nigeria, there is no better time to reform than now. Studies from other countries suggest that 85 percent of reforms occur in the first 15 months of a new administration.⁹

Notes

1. For purposes of this study, and following the approach used in the main *Doing Business* report, 2006/07 is defined as the period between April 2006 and June 2007.
2. All references to Abuja in this study refer to the Federal Capital Territory.
3. Osinbajo (2006).
4. Hertveldt (2007).
5. For the topics not measured in *Doing Business in Nigeria 2008*, the values reported for Nigeria in *Doing Business 2008* were used to calculate this ranking.
6. Djankov, McLiesh, and Ramalho (2006).
7. Schneider (2005).
8. World Bank (2006a).
9. World Bank (2006b).

Starting a business

Entry regulation

Several years ago, business owners who managed to register a company in Nigeria threw parties to celebrate this momentous event. The registration process was long and costly, and the outcome uncertain. This year, a small business owner named Nneka, who is setting up a print shop in the garage of her parents' house, will have a much simpler task. It will take just 5 procedures, 22 days, and 30,130 naira (USD 237) for Nneka to register her business in Abuja. Nneka is one of thousands of new entrepreneurs who have discovered that starting a business has become much easier. In the past year the Corporate Affairs Commission has received unprecedented numbers of applications: in January 2008 alone, 4,625 new companies were registered.

Making company registration easy, fast, and affordable is essential for private sector development. Business registration is the first interaction between a new entrepreneur and government regulators, and is likely to shape the future of the business. In countries where company registration is straightforward and affordable, more businesses operate in the formal sector. But if entrepreneurs find registration procedures overly burdensome or expensive, some may resort to corruption to expedite the process—and others will run their businesses in the informal sector.

Starting a business in Nigeria is relatively easy in comparison to other Sub-Saharan countries. Registering a company in Lagos involves 9 procedures, takes 34 days, and costs 57 percent of income per capita, while in other major Sub-Saharan cities it requires an average of 11 procedures, 57 days, and 148 percent of income per capita. While Nigeria compares favorably with many African countries, it lags behind the developed world. In OECD countries registering a business requires on average just 6 procedures, 15 days, and 5 percent of income per capita. In Australia—the easiest place to start a business—the process takes just 2 days and 2 simple steps: obtaining a company number and a tax number. It costs a mere 0.8 percent of income per capita, and the entire process can be done online.

TABLE 2.1

Where is it easy to start a business—and where not?

	Rank		Rank
Abuja, FCT (easiest)	1	Enugu	7
Kaduna	2	Anambra	8
Abia	3	Kano	8
Lagos	4	Ogun	10
Sokoto	4	Cross River (most difficult)	11
Bauchi	6		

Note: The ease of starting a business is a simple average of state rankings on the number of procedures and the associated time and costs (measured as percentages of gross national income per capita) required to start a business. See Data notes for details.

Source: Doing Business database.

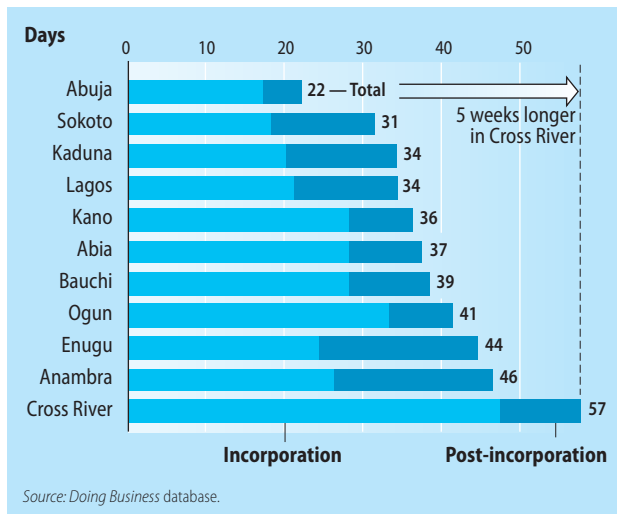
All Nigerian companies must comply with the same registration process, including being incorporated by the Corporate Affairs Commission, paying for stamp duties and stamping of incorporation documents, registering for taxes, and obtaining a business premises permit from state authorities. Since the establishment of the Corporate Affairs Commission in 1990, company registration has come a long way: operations have been decentralized, and zonal branches have been opened in all 36 states—including all the states covered by this study. In 2006 an online system was launched enabling company name searches and filing of documents. And entrepreneurs in a hurry now have an option to incorporate their companies in just one day, using the expedited procedure at an additional cost of 50,000 naira.

Similar decentralization has occurred in Stamp Duty offices. In recent years a dozen new Stamp Duty offices have been established across Nigeria. In most cases they are in the same buildings as branches of the Corporate Affairs Commission, to make visiting the two agencies more convenient for entrepreneurs. This is a huge improvement since the time there were just two Stamp Duty offices (in Abuja and Lagos) serving entrepreneurs from the entire country. Today all the states covered by this report—except Cross River and Ogun—have their own Stamp Duty offices.

Registration with tax authorities has also recently become easier. Instead of registering first at the Ministry of Finance's Federal Board of Inland Revenue Department for corporate income tax, and then at the Value Added Tax office, entrepreneurs can now register for both taxes at the new Integrated Tax Office.

The One Stop Investment Center, created in 2006, has also facilitated company startup. The center, set up by the Nigerian Investment Promotion Commission, brings all agencies relevant to starting a business to one location. So far one such center operates in Abuja, and two more are about to be launched in Lagos and Port Harcourt. The center is a major step forward, but its services are available only to large companies (share

FIGURE 2.1
Big range in the time to start a business...

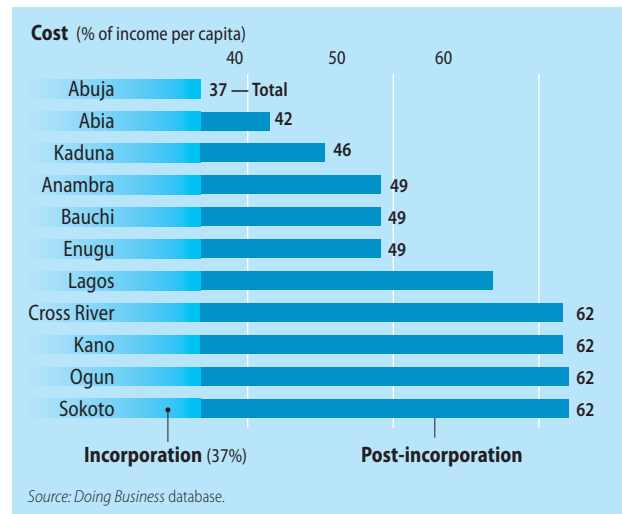


capital above 10 million naira) and foreign investors. Small and medium-size companies must still visit each agency separately.

Across Nigeria, the time needed to comply with all the requirements for legally operating a business ranges from 22 days in Abuja to 57 days in Cross River (figure 2.1). Registration is easiest in Abuja, where the Corporate Affairs Commission’s headquarters are located and incorporation documents are processed in 9 days on average (table 2.1). Moreover, in Abuja registration for all taxes—including the pay as you earn (PAYE) tax—occurs at the Integrated Tax Office. In other states, applications to incorporate a business are submitted to zonal offices and couriered to Abuja, which adds time. Incorporation takes longest in Cross River: about 1 month. In recent years stamping became much easier in most states, but residents of Cross River and Ogun must still travel to neighboring states to have incorporation documents assessed and stamped. Stamping is fastest in Bauchi, Kaduna and Sokoto, where it takes just 4 days, while entrepreneurs from Cross River typically wait 2 weeks for incorporation documents to be stamped since their lawyers must travel to other states to conduct this procedure.¹

Most registration costs stem from incorporation fees, which are 10,000 naira for every 1 million naira of share capital (plus an extra 50,000 naira for same-day processing) and the 1.5 percent stamp duty paid on capital (figure 2.2). In addition, in all the states except for Abuja, newly established companies must pay for business premises permits from the Ministry of Commerce and Industry, which cost between 4,000 naira in Abia and 20,000 naira in Cross River, Kano, Ogun and Sokoto.

FIGURE 2.1
...and wide differences in cost due to post-incorporation fees



What to reform?

Expedite reforms to unify registration procedures

Today Nigerian entrepreneurs in most states must visit 5 offices to set up new businesses: the Corporate Affairs Commission, Stamp Duty Office, Integrated Tax Office, State Tax Office, and state Ministry of Commerce. The government is aware of the obstacles that dealing with all these agencies create for entrepreneurs, and plans to merge procedures. The Federal Inland Revenue Service took the first steps toward making tax registration and payments easier by creating the Integrated Tax Office. Linking the Corporate Affairs Commission and tax databases and creating a single form that meets the requirements of several agencies will further simplify the process and reduce delays. It will also provide a better tool for tax authorities to track newly registered companies. Similarly, requiring that incorporation documents be stamped by the Federal Inland Revenue Service adds no value to service delivery and consumes a lot of time—especially in states lacking a Stamp Duty office. An equivalent fee or duty could easily be collected by the state branches of the Corporate Affairs Commission, paid together with other incorporation fees, and transmitted to the Federal Inland Revenue Service. Integrating the stamp duty with the Corporate Affairs Commission’s registration process could reduce the time required to register a company by anywhere from 4 days to 2 weeks, depending on the state. Swift implementation of these plans is needed for Nigeria to have a world-class company registration system.

Monitor and evaluate performance of zonal offices

According to system users, the efficiency of the Corporate Affairs Commission's zonal offices varies by state. Checking the availability of a company name can take 1–2 days in Sokoto, while applicants in Ogun wait more than 1 week. Some users also reported that local staff delay forwarding incorporation applications to Corporate Affairs Commission headquarters. With the growth in the number of zonal offices, the next challenge is to maintain high delivery standards across the country—regardless of whether the application is submitted in Abuja, Cross River, Kano, or Ogun. Strict monitoring and evaluation of the performance of zonal offices may be required to achieve that goal.

Publicize ongoing reforms

Many legal practitioners and accountants who register companies in Nigeria remain unaware of or unwilling to do business at the new local Corporate Affairs Commission branches and Stamp Duty offices. Instead they use approaches from the past, traveling to Abuja or forwarding applications to affiliated law firms in the capital—options that lengthen the process and make it more costly for entrepreneurs. Thus the job of reformers is not finished. These agencies must inform the public and convince it that there are new and better ways to register companies. Reformers also must ensure that the new services work well. When the online search on the availability of a company name was first launched, some lawyers tried it but were discouraged because the system

was often down. Others were unable to find sellers of the prepaid cards needed to use the system. As a result a perception spread that the system does not work, and most professionals registering companies for their clients continue to check the availability of a company name in person, missing out on this valuable service.

Starting a business is one of the paths out of poverty. The government's role should be to make it an easy walk rather than an obstacle course. Enticing enterprises into the formal economy through easier startup procedures provides 2 economic benefits. First, formal enterprises grow larger because they do not need to hide from government inspectors. On average, formal enterprises produce 40 percent more than do informal enterprises active in the same sectors.² Second, formal enterprises pay taxes, increasing the tax base for government revenue. As more companies move into the formal economy, governments can lower corporate taxes, giving every business a greater incentive to produce.

Notes

1. The time for stamping is defined here as the time needed for preparation of incorporation documents by a lawyer, assessment of stamp duty, payment, and stamping of incorporation documents.
2. World Bank (2005a).

Dealing with licenses

Building a warehouse

It costs more than 8 times annual income per capita to obtain a permit to build a medium-size warehouse in Lagos. How can the average Nigerian afford such high fees? Olufemi, a developer from Lagos, explains: “Since permit fees are based on the size of the building, I submit a smaller version of my actual plans to lower the fees.” Olufemi is not worried that this ploy may be uncovered during inspections. “There are always ways to ‘negotiate’ with the inspector,” he says.

Illegal construction and collapsing buildings are a plague of many Nigerian cities. If obtaining a building permit is burdensome and costly, many entrepreneurs choose illegal, often unsafe, construction. The authorities in charge of building regulation respond with tighter regulations and increased inspections—which are costly to administer for governments, and cumbersome to comply with for entrepreneurs. But there is another way of limiting illegal construction and making Nigerian buildings safer: make building regulation simple, transparent, and inexpensive to comply with.

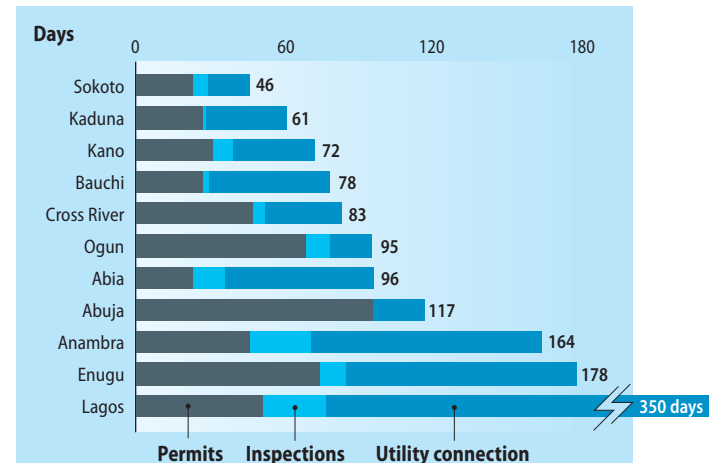
The data presented here describe the procedures, time, and costs required for a medium-size company to secure licenses to build a 2-story warehouse with an area of 1,300 square meters. The warehouse would comply with all zoning and building regulations. It would also have electricity, water, and sewerage connections and a regular phone line. The procedures involved in obtaining a building license include obtaining a building permit, undergoing required inspections, and securing utility connections. In Abuja and the 10 Nigerian states that are the focus of this study, this process requires an average of 15 procedures, 124 days, and 369 percent of income per capita. This is faster and cheaper than for Sub-Saharan Africa as whole, where entrepreneurs must go through 18 procedures and spend 262 days and 2,549 percent of income per capita. But Nigeria compares much less favorably to other parts of the world, especially when the costs of obtaining a permit are considered. In OECD countries the same process costs just 62 percent of income per capita.

The averages for Nigeria do not fully reflect the situation at the state level. Building a warehouse is much easier and cheaper in northern than in southern states. Kaduna ranks first—with 12 procedures taking 61 days and costing 142 percent of national income per capita—followed by Sokoto and Kano (table 3.1). The process of obtaining a building license is far more burdensome in the south, with Lagos—where it takes 18 procedures, nearly 1 year, and 10 times income per capita—being by far the most difficult place to build, despite recently introduced time limits for issuance of building permits. The long period is partly due to difficulties in obtaining an electricity connection, which—without paying bribes—takes about 9 months (figure 3.1). These regional differences reflect varying cultural attitudes toward land, which is scarcer in southern Nigeria. Too often revenue collection is the priority of town planning departments, ignoring the effects that overly burdensome regulations and expensive permits have on entrepreneurs.

The number of procedures to build a warehouse in Nigeria varies from 12 in Bauchi and Kaduna to 21 in Ogun. Burdensome procedures for obtaining a building permit and numerous inspections are not necessary to

FIGURE 3.1

Time spent dealing with licenses—nearly 1 year in Lagos



Source: Doing Business database.

TABLE 3.1

Where is it easy to build a warehouse—and where not?

	Rank		Rank
Kaduna (easiest)	1	Enugu	7
Sokoto	2	Abia	8
Kano	3	Abuja, FCT	9
Bauchi	4	Ogun	10
Cross River	5	Lagos (most difficult)	11
Anambra	6		

Note: The ease of building a warehouse is a simple average of state rankings on the number of procedures and the associated time and costs (measured as percentages of gross national income per capita) required to build a warehouse. See Data notes for details.

Source: Doing Business database.

achieve high building standards—as shown by Denmark, New Zealand, and Sweden. In those countries obtaining a license to build a warehouse and utility connections involves 6–8 procedures, and no one would argue that buildings in Copenhagen, Auckland, and Stockholm are less safe than those in Lagos. In Africa, building a warehouse is easiest in Kenya, where the same process would take just 10 procedures, 100 days and 59 percent of Kenya's income per capita.

The costs of permit procedures vary greatly across states. Building is cheapest in Cross River, Kaduna, and Sokoto—administrative fees are less than 160 percent of income per capita (figure 3.2). Although these fees are the lowest in Nigeria, they are high by international standards. In Dubai such procedures cost the average entrepreneur just 1.5 percent of income per capita in the United Arab Emirates, and in Johannesburg just 30 percent of average South African income.

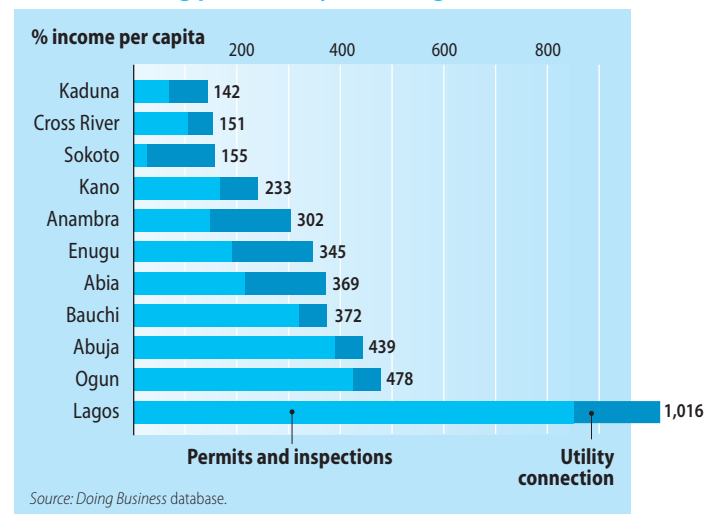
Most of the cost difference derives from building permit fees. Permits are cheapest in Sokoto and Cross River, which have flat rates for commercial developments set at 20,000 naira and 60,000 naira, respectively. Permit fees are highest in Lagos, where the base fee for a building permit is 120 naira per cubic meter, and Ogun, at 50 naira per cubic meter. Fees for electricity and telephone connections are uniform across the country, while those for water connections vary slightly, as they are set by state water boards.

What to reform?

Make information easily available

One of the easiest way to encourage legal construction and save entrepreneurs time is to make all information readily available. Today, when first-time applicants arrive at town planning offices to obtain building permits, they find little instruction on how to do so. Simple organizational changes could make a big difference. Offices in charge of approving building permits should be

FIGURE 3.2

Costs of building permits vary across Nigerian states

clearly marked. All forms, requirements, and fee schedules—including step-by-step charts on procedures—should be readily available at town planning offices and on their Websites. So far, only Abuja has developed an investor guide providing such information.

Lower fee for building permits

Several Nigerian states have some of the world's highest fees for building warehouses. These high fees often push entrepreneurs to build illegally or—when fees are based on building size—submit fake plans to lower the cost of building permits. Such buildings may be unsafe. To fight illegal construction and ensure compliance with submitted building plans, state governments have introduced more inspections, which are very costly to administer. An alternative is to simply make the fees more affordable.

Introduce fast-track procedures and set time limits for processing applications

In many Nigerian states the process for obtaining a building permit can be expedited with informal payments. But that is also what fast-track procedures accomplish—and do so officially. Fast-track procedures help prioritize the work of town planning authorities and allow entrepreneurs to focus on their businesses. In 2006 Abuja's Development Control Department introduced a fast-track process for building permit approvals. Although it costs more than a standard application, a permit can be obtained 3 times faster. Another way to expedite approvals of building permits is to set a time limit for applications to be reviewed. Lagos did so by introducing Operation 30/30,

mandating that all applications be approved within 30 business days, halving the average processing time. The reform in Lagos has been successful because government officials are monitored and evaluated on whether they meet the targets.

There are several reasons to reform licensing regimes. First, countries with simpler procedures and less costly procedures have larger construction sectors. Today construction generates less than 1 percent of Nigeria's GNP, compared with 7.4 percent in Australia and 6.2 percent in the United Kingdom. Second, countries with simpler procedures and less costly regimes have cheaper offices and warehouses for all businesses. Third, reducing the cost and hassle of obtaining licenses keeps more businesses in the formal economy, which may improve safety. Finally, governments can save money with fewer and simpler license and inspections. With fewer burdens on construction, the sector expands.¹

Notes

1. World Bank (2006b).

Registering property

Regulation of property transfers

Emeka, a trader from Onitsha, spent his lifetime savings to buy a building for his textiles shop, but he did not register his ownership title. He simply could not afford the additional 15 percent of the purchase price that registering it would cost. A much cheaper alternative was to videotape the transaction—an option that some other property buyers in southern Nigeria also choose. While a signature can be forged and a property card can “go missing” at the registry, some property buyers feel that a videotape provides solid proof that a transaction occurred. But such evidence would not hold up in court if ownership were ever disputed. Nor would it be recognized by banks if buyers wanted to use their property as collateral for business loans.

Making property transfers easier is essential for encouraging entrepreneurs. In most economies land and buildings account for half to three-quarters of national wealth.¹ Securing rights to such property strengthens incentives to invest and facilitates commerce.² Formal property titles also enable entrepreneurs to obtain mortgages on their homes or land and start businesses.

Nigeria is one of the world’s most difficult places to register property. A Nigerian lawyer describes such transactions as “herculean, tortuous, and laborious.” In Lagos entrepreneurs must go through 14 procedures, spend 82 days, and pay 22 percent of property value to register—though this is certainly an improvement over the 19 procedures, 9 months, and 27 percent of property value required before reforms introduced in 2005. Still, these demands make Lagos the most difficult place to register property among all major Sub-Saharan cities, and the 6th worst in the world. In New Zealand—the world’s leader on this indicator—property can be registered online in 2 days at a cost of 0.1 percent of property value. But easy property registration need not be limited to rich countries. In Ghana registering property requires just 5 procedures, 34 days, and 1.3 percent of property value, and in Botswana 4 procedures, 30 days, and 5 percent of property value.

In Abuja and the 10 Nigerian states that are the

TABLE 4.1

Where is it easy to register property—and where not?

	Rank		Rank
Abuja, FCT (easiest)	1	Kaduna	6
Kano	2	Abia	8
Bauchi	3	Anambra	9
Enugu	4	Lagos	10
Sokoto	5	Ogun (most difficult)	11
Cross River	6		

Note: The ease of registering property is a simple average of state rankings on the number of procedures and the associated time and costs (measured as percentages of property value) required to register a property. See Data notes for details.

Source: *Doing Business* database.

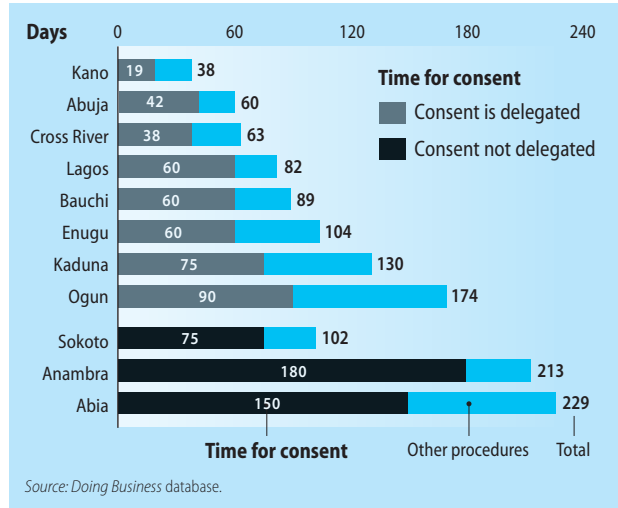
focus of this study, registering property takes on average 12 procedures, lasts nearly 4 months, and costs about 15 percent of property value. Some states make registration easier than others (table 4.1). Registering property is easiest in Abuja, where it requires 9 procedures, 60 days, and costs 9.2 percent of property value. It is hardest in Ogun, where entrepreneurs must go through 19 procedures, spend about 174 days, and pay nearly 17 percent of property value.

The number of procedures required to register property varies significantly across Abuja and the 10 Nigerian states studied. The average of 12 procedures is nearly twice the Sub-Saharan average of 7. Even the states with the fewest procedures—Abuja and Bauchi, with 10 each—are far worse than international good practices. And the 14 procedures required in Lagos and 19 in Ogun state are the world’s highest. This is in stark contrast to Norway and Sweden, where property transfers require just 1 procedure, and some other African countries such as Botswana (4 procedures) and Cameroon (5).

The time required to register property involves the search for property title, the sale-purchase agreement, the obtainment of governor consent, and registration of the new title at the land registry. Across Abuja and the 10 Nigerian states studied, property registration is fastest in Kano, where it takes on average 38 days, followed by 60 days in Abuja and 63 in Cross River (figure 4.1). Registration takes longest in Abia and Anambra—about 7 months. Across the states, the main bottleneck is obtaining governor consent. Although governor consent is required throughout Nigeria, in some states (Bauchi, Cross River, Enugu, Kaduna, Kano, Lagos, Ogun, and Abuja) it has been delegated to commissioners, significantly increasing efficiency.³ In Kano, where consent has been delegated to the director of the Deeds Department, it can be obtained as quickly as 1 week—while in Abia, where every consent must be signed by a governor, it takes on average 5 months.

Fees for registering property range from 9.2 percent of property value in Abuja to 23.6 percent in Cross

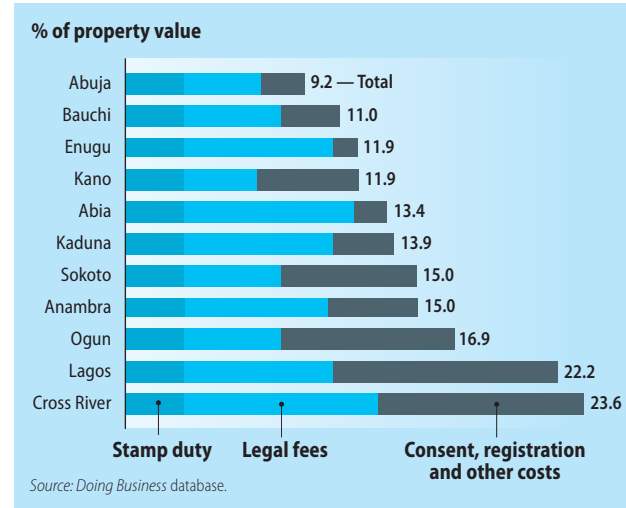
FIGURE 4.1

Governor consent—a bottleneck to registering property

River (figure 4.2). Some fees are fixed across states. For example, the Federal Inland Revenue Service levies a 3 percent stamp duty on properties sold by companies in all states. Legal fees for property conveyance are set by the Order on Remuneration for Legal Documentation and Other Land Matters at about 7.5 percent of property value when a lawyer acts for a buyer. But in practice, in most states legal fees are negotiated between property buyers and their lawyers. They are cheapest in Kano at about 3.75 percent of property value, while in most other states they amount to 5 percent. Legal fees are highest in Cross River—where only lawyers accredited by the Land Registry can conduct registration—amounting to 10 percent of property value.

Remaining costs, such as consent, registration, and other administrative fees, vary significantly by state from 1.3 percent of property value in Enugu to 11.5 percent in Lagos. While Bauchi, Kaduna and Kano do not charge any fees for consent, in Lagos and Ogun it costs 8 percent of property value. Registration fees range from nominal costs such as 1,000 naira in Cross River to 5 percent of property value in Kano and Sokoto. Some states also require proof of payment of capital gains tax before a property can be registered. In Cross River this tax is levied on the sale price of the property rather than the profit, adding nearly 10 percent to the cost of property registration.

FIGURE 4.2

Big differences in administrative costs to register property**What to reform?****Eliminate the requirement for governor consent—or at least make it easier to obtain**

Across Abuja and the 10 states studied, the requirement to obtain governor consent is the main bottleneck in the property registration process. Nigeria is 1 of only 12 countries that imposes this type of restriction on land transfers. Amending the Land Use Act to allow unrestricted transfers of land and property should be a priority for the federal government.

In the short term, states can facilitate the consent process. The easiest way to reduce delays is to delegate consents so that governors do not have to approve every single land transaction that occurs in their state. On average, in states where consent has been delegated, it can be obtained in less than half the time required in states where governors personally sign every application. Ogun state experienced the benefits of delegation most recently—the average waiting time fell from 1 year to 3 months. Another option for making consent more efficient and increasing predictability for entrepreneurs is to impose time limits for consent processing.

Lower fees

With the average cost of property transfers at 15 percent of property value, Nigeria is among the most expensive countries to register property. This is in stark contrast to places where registering property is easy and cheap. As noted, in New Zealand the fee for registering property is just 0.1 percent of property value, and in Saudi Arabia doing so is virtually free. To facilitate property transfers,

numerous countries have switched from fees expressed as a percentage of property value to flat rates, which eliminate incentives to manipulate property values. Greater affordability usually means more registrations and fewer evasions. That, in turn, supports the collection of property and capital gains taxes. Many countries have already experienced such benefits. After India cut its stamp duties from 10 percent to 5 percent, revenue jumped 20 percent. In Egypt, after registration fees were cut from 3 percent of property value to a fixed fee of about \$350, fee revenue grew by 40 percent in the next six months.⁴ And after Lagos cut the governor consent fee from 10 to 8 percent of property value in 2005, the Land Bureau's revenue rose 27 percent the following year.⁵

Replace physical valuations of property with a standardized schedule of property values

Physical inspections of property are part of land transfers in almost all Nigerian states. State governments introduced inspections to counter underreporting of property values. But in most states such valuations are a source of delays and create opportunities for property owners to bribe inspectors so that they lower assessed property values. Lagos recognized this shortcoming as one of the major bottlenecks in the property registration process, and in 2005 the Land Registry introduced a standardized schedule of property values, eliminating the need for physical inspections. Now every area of Lagos has an assigned rate per square meter and build-

ing, and assessments are conducted at the desks of valuation officers. The schedule of rates is publicly available in an informational booklet. This system has provided transparency and predictability for both entrepreneurs and the Land Registry, which now know how much they are expected to pay in fees or receive in revenue. Other Nigerian states should follow this example.

Efficient property registration is a win-win situation for entrepreneurs and governments. Simple procedures for registering property are associated with more perceived security of property rights, less corruption and informality, more private credit as a share of GDP, and more private investment.⁶ More affordable property transactions also mean more registrations and less evasion—supporting the collection of capital gains and property taxes. Reforming property registration benefits all parties.

Notes

1. Ibbotson, Siegel, and Love (1985).
2. World Bank (2005b).
3. In Abuja, the authority to grant consents has been delegated by the President of Nigeria to the Minister of Federal Capital Territory.
4. World Bank (2007).
5. Lagos State Government, Directorate of Land Services. Analysis of applications and revenue generated from January 2004 to December 2006.
6. World Bank (2004).

Enforcing contracts

Court efficiency

Lawyers in Abia used to joke that none of them could ever become a judge. “To apply for a judgeship you must complete 10 cases over 5 years. Nobody in the state could claim that. Court cases used to drag on for years, and to complete one in less than 5 years was short of a miracle,” explains Obi, an attorney from Aba. No longer. With the arrival of a new chief judge who tackled the backlog of cases and imposed strict disciplinary rules on judges and lawyers, a typical commercial dispute can now be resolved in just 1 year.

The judiciary’s primary role is to enhance justice, fairness, and equity. But efficient courts do much more—they help the economy grow. They are essential to encourage businesses to engage with new customers. Without them fewer transactions take place, and people must rely on social networks to decide with whom to do business. Yet in many countries courts are slow, inefficient, and corrupt. This is particularly the case in Sub-Saharan Africa, where on average commercial disputes last nearly 2 years and cost nearly half the value of the debt.

After years of military rule, Nigeria’s courts were in dire need of reform. Lagos—previously notorious for its slow, corrupt judicial system—led the changes. In 1997

the average commercial case took more than 4 years to resolve.¹ Today the Lagos court system compares favorably with those elsewhere in Sub-Saharan Africa, ranking 16 among 46 capital cities in the region in terms of efficiency. But while Lagos fares well relative to other cities in Sub-Saharan Africa, it still lags behind other parts of the world, ranking only 93 among largest cities in 178 economies that were measured.

This section analyzes the efficiency of contract enforcement in 10 Nigerian states and Abuja by examining the average resolution of simple commercial disputes. Nigeria’s High Courts have unlimited jurisdiction over commercial cases. For small monetary claims—which vary from 100,000 to 1 million naira depending on the state—commercial cases can also be heard before magistrates. In some northern states (Bauchi, Kaduna, Kano and Sokoto) commercial disputes can also be resolved in Sh’aria (Islamic) courts, but that option is not discussed here.

The easiest place to resolve a commercial dispute is Bauchi, the most difficult Cross River (table 5.1). On average, it takes 577 days to enforce a contract in Nigeria. That is slightly faster than the Sub-Saharan average, but slower than some of the region’s best performers. In Namibia a

FIGURE 5.1
Time to enforce a contract—longest in Enugu

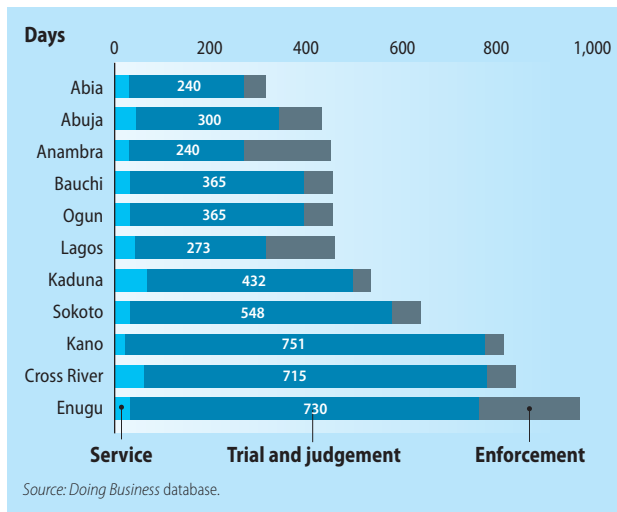


FIGURE 5.2
Cost to enforce a contract—cheapest in Kaduna

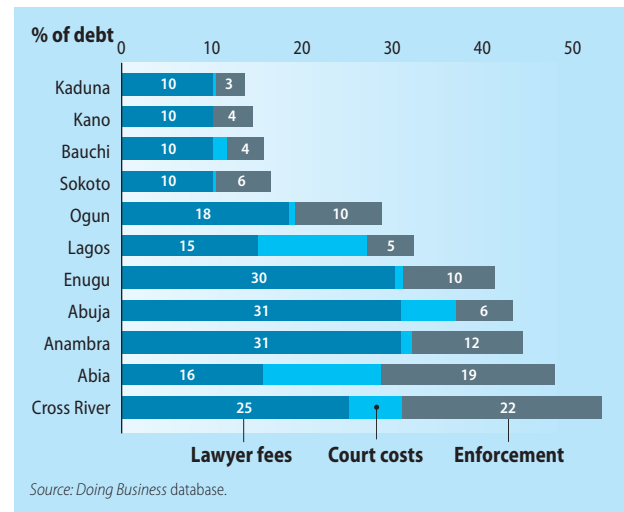


TABLE 5.1
Where is it easy to enforce a contract—and where not?

	Rank		Rank
Bauchi (easiest)	1	Kano	6
Abuja, FCT	2	Sokoto	8
Kaduna	2	Anambra	9
Ogun	4	Enugu	10
Lagos	5	Cross River (most difficult)	11
Abia	6		

Note: The ease of enforcing contracts is a simple average of state rankings on the procedures, time, and costs of resolving a commercial dispute through the courts. See Data notes for details.
 Source: *Doing Business* database.

similar case is resolved in about 270 days. The average duration of commercial disputes across Nigeria conceals large differences among states. Commercial dispute resolution is fastest in Abia, where the filing, trial, and enforcement can be completed in just under 1 year. Contract enforcement is slowest in Enugu, where it takes 988 days—mainly because of lengthy execution of judgments.

Bottlenecks vary by state. The time it takes from filing a case until the debtor is notified ranges from 21 days in Kano to 66 in Kaduna. The duration of trial and judgment ranges from 240 days in Abia and Anambra to 751 in Kano. In other states enforcement is a major contributor to delays. In Anambra trial and judgment—following the introduction of new High Court rules for civil procedures—takes just 8 months, but enforcement may extend the process by another 6. In Enugu enforcement is even longer, taking nearly 7 months (figure 5.1). Enforcement is fastest in Kaduna and Kano, where it can be completed in about 1 month.

Contract enforcement costs include court, attorney, and enforcement fees. Resolving a commercial dispute is cheapest in Kaduna, where it costs plaintiffs 13 percent of the value of the debt, and most expensive in Cross River, where it costs 53 percent. Although courts charge only nominal fees in most states, attorney and enforcement fees vary widely by state. Attorney fees range from 10 percent of the debt value in northern states (Bauchi, Kano, Kaduna, Sokoto) to 30 percent or more in Abuja, Anambra and Enugu (figure 5.2). Efficiency of debt recovery often goes hand in hand with lower costs—typically, the longer the proceedings and enforcement, the higher the legal fees. Enforcement fees also play a big role in overall costs. Although official fees for enforcement are minimal, plaintiffs are expected to pay for bailiffs, police, and transportation of the seized goods. In Abia and Cross River these expenses account for about 20 percent of the value of the debt. Enforcement is cheapest in Kaduna, Kano, and Bauchi where it costs 3–4 percent of the debt.

What to reform?

Implement new High Court rules

The new High Court rules for civil procedures introduced three features: frontloading of evidence, pretrial hearings, and deadlines for actions. Abuja and Lagos adopted the rules in 2004, followed by Anambra in 2006 and Enugu and Kaduna in 2007. All these states have reported increased court efficiency since introducing the new rules. In Lagos the reforms shortened the average commercial dispute from 2 years to 1 year and 3 months.² When the new rules are introduced, it is essential to ensure that all users of the system—especially judges and lawyers—receive proper training to take advantage of the rules' full potential.

Overhaul enforcement of judgments

Implementation of the new High Court rules will not be sufficient to enhance contract enforcement if court decisions are not enforced quickly. Enforcement is slow and costly throughout Nigeria, taking an average of 3 months and costing 3–22 percent of debt value. Official schedules of enforcement fees are obsolete, so actual payments are negotiated between plaintiffs, or their lawyers, and bailiffs. In many cases execution is stalled because plaintiffs simply cannot afford it.

Court bailiffs are not regulated, and their position is open to abuse of power. In the long run the bailiff profession must be overhauled, including development of a code of conduct, changes in recruitment practices, and imposition of severe disciplinary measures to curb opportunities for abuses of power. A short-term solution could be to employ supervisors who act as intermediaries between lawyers and bailiffs, minimizing contact between them and reducing opportunities for corruption. Such supervisors would also monitor bailiffs' performance and have powers to discipline them. Another, more radical option is to delegate enforcement of judgments to private enforcement specialists.

Create specialized commercial courts

Specialized commercial courts result in faster, cheaper contract enforcement. Countries that have specialized commercial courts, or specialized commercial divisions in general courts, resolve commercial disputes about 30 percent faster than countries that do not.³ One reason is that judges become experts in handling commercial disputes. In addition, commercial courts often require less formal procedures, resulting in faster trials. Only Abuja

and Lagos have introduced specialized commercial divisions, where dispute resolution is not supposed to take longer than 6 months. Other states, especially those with large numbers of commercial cases, should follow.

Well-functioning courts benefit entrepreneurs in many ways. When contracts are enforced quickly and cheaply, small businesses receive better financial terms on loans.⁴ In addition, new technologies are adopted faster when courts are efficient.⁵ The reason is that most innovations take place in new businesses—which, unlike existing large firms, do not have the clout to resolve disputes outside the courts. When contracts are enforced efficiently, businesses have incentives to expand their trade networks, grow, and employ more workers.⁶

Notes

1. Hertveldt (2007).
2. World Bank (2006b).
3. World Bank (2007).
4. Qian and Strahan (2005).
5. Cooley, Marimon, and Quadrini (2004).
6. Desai, Gompers, and Lerner (2004).

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Data notes

Starting a business

Dealing with licenses

Registering property

Enforcing contracts

The indicators presented and analyzed in *Doing Business in Nigeria 2008* measure business regulation and the protection of property rights—and their effect on businesses, indicators document the degree of regulation, such as the number of procedures to start a business or register commercial property. Second, they gauge regulatory outcomes, such as the time and cost to enforce a contract. In this project, *Doing Business* indicators have been created for 10 Nigerian states and Abuja, FCT—the complete list is available on page 1. For the enforcing contracts indicators, the data describe dispute resolution in state High Court, except in Abuja, where this type of dispute would most likely be resolved in Magistrate Court. The data for all sets of indicators in *Doing Business in Nigeria 2008* are for July 2007, except for the data for Lagos, which appears as it was published in the global *Doing Business 2008* report and may not reflect some most recent reforms. The data used for the international comparisons is also based on the *Doing Business 2008* report.

The *Doing Business* data are collected in a standardized way. To start, the *Doing Business* team, with academic advisers, designs a survey. The survey uses a simple business case to ensure comparability across countries and over time—with assumptions about the legal form of the business, its size, its location and the nature of its operations. Surveys are administered through more than 200 local experts, including lawyers, business consultants, accountants, government officials and other professionals routinely administering or advising on legal and regulatory requirements. These experts have several (typically 4) rounds of interaction with the *Doing Business* team, through conference calls, written correspondence and country visits. The data from surveys are subjected to numerous tests for robustness, which lead to revisions or expansions of the information collected.

The *Doing Business* methodology offers several advantages. It is transparent, using factual information about what laws and regulations say and allowing multiple interactions with local respondents to clarify potential misinterpretations of questions. Having representative samples of respondents is not an issue, as the texts of the relevant laws and regulations are collected and answers checked for accuracy. The methodology is inexpensive and easily replicable, so data can be collected in a large sample of cities. Because standard assumptions are used in the data collection, comparisons and bench-

marks are valid across countries and states. And the data not only highlight the extent of obstacles to doing business; they also identify their source and point to the needed reform.

Limits to what is measured

The *Doing Business* methodology has 5 limitations that should be considered when interpreting the data. First, the collected data refer to businesses in the state's most populous city and may not be representative of regulation in other parts of the state. Second, the data often focus on a specific business form—a limited liability company of a specified size—and may not be representative of the regulation on other businesses, for example, sole proprietorships. Third, transactions described in a standardized case study refer to a specific set of issues and may not represent the full set of issues a business encounters. Fourth, the measures of time involve an element of judgment by the expert respondents. When sources indicate different estimates, the time indicators reported in *Doing Business* represent the median value of several responses given under the assumptions of the standardized case.

Finally, the methodology assumes that a business has full information on what is required and does not waste time when completing procedures. In practice, completing a procedure may take longer if the business lacks information or is unable to follow up promptly. Alternatively, the business may choose to disregard some burdensome procedures. For both reasons the time delays reported in *Doing Business in Nigeria 2008* would differ from the perceptions of entrepreneurs reported in the World Bank Enterprise Surveys or other perception surveys.

Economy characteristics

Gross national income (GNI) per capita

Doing Business in Nigeria 2008 reports 2006 income per capita for Nigeria as published in the World Bank's *World Development Indicators 2007*. Income is calculated using the Atlas method (current USD). For cost indicators expressed as a percentage of income per capita, 2006 GNI in local currency units is used as the denominator.

Region

Doing Business in Nigeria 2008 uses the World Bank regional classification available at <http://www.worldbank.org/data/countryclass>.

Exchange rate

The exchange rate used in this report is:
1 USD = 127.39 NGN

Starting a Business

Doing Business in Nigeria 2008 records all procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business. These include obtaining all necessary licenses and permits and completing any required notifications, verifications or inscriptions for the company and employees with relevant authorities.

After a study of laws, regulations and publicly available information on business entry, a detailed list of procedures is developed, along with the time and cost of complying with each procedure under normal circumstances and the paid-in minimum capital requirements. Subsequently, local incorporation lawyers and government officials complete and verify the data.

Information is also collected on the sequence in which procedures are to be completed and whether procedures may be carried out simultaneously. It is assumed that any required information is readily available and that all agencies involved in the start-up process function without corruption. If answers by local experts differ, inquiries continue until the data are reconciled.

To make the data comparable across countries, several assumptions about the business and the procedures are used.

Assumptions about the business

The business:

- Is a limited liability company. If there is more than one type of limited liability company in the country, the limited liability form most popular among domestic firms is chosen. Information on the most popular form is obtained from incorporation lawyers or the statistical office.
- Operates in the country's selected cities.
- Is 100% domestically owned and has 5 owners, none of whom is a legal entity.
- Has start-up capital of 10 times income per capita at the end of 2006, paid in cash.
- Performs general industrial or commercial activities, such as the production or sale of products or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
- Leases the commercial plant and offices and is not a proprietor of real estate.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees 1 month after the commencement of operations, all of them nationals.
- Has a turnover of at least 100 times income per capita.
- Has a company deed 10 pages long.

Procedures

A procedure is defined as any interaction of the company founder with external parties (for example, government agencies, lawyers, auditors or notaries). Interactions between company founders or company officers and employees are not counted as procedures. Procedures that must be completed in the same building but in different offices are counted as separate procedures. If founders have to visit the same office several times for different sequential procedures, each is counted separately. The founders are assumed to complete all procedures themselves, without middlemen, facilitators, accountants or lawyers, unless the use of such a third party is mandated by law. If the services of professionals are required, procedures conducted by such professionals on behalf of the company are counted separately. Both pre- and post-incorporation procedures that are officially required for an entrepreneur to formally operate a business are recorded (table 7.1).

Procedures required for official correspondence or transactions with public agencies are also included. For example, if a company seal or stamp is required on official documents, such as tax declarations, obtaining the seal or stamp is counted. Similarly, if a company must open a bank account before registering for sales tax or value added tax, this transaction is included as a procedure. Shortcuts are counted only if they fulfill 4 criteria: they are legal, they are available to the general public, they are used by the majority of companies, and avoiding them causes substantial delays.

Only procedures required of all businesses are covered. Industry-specific procedures are excluded. For example, procedures to comply with environmental regulations are included only when they apply to all businesses conducting general commercial or industrial activities. Procedures that the company undergoes to connect to electricity, water, gas and waste disposal services are not included.

Time

Time is recorded in calendar days. The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). A procedure is considered completed once the company has received the final document, such as the company registration certificate or tax number. If a procedure can be accelerated for an additional cost, the fastest procedure is chosen. It is assumed that the entrepreneur does not waste time and commits to completing each remaining procedure without delay. The time that the entrepreneur spends on gathering information is ignored. It is assumed that the entrepreneur is aware of all entry regulations and their sequence from the beginning but has had no prior contact with any of the officials.

TABLE 7.1
What does starting a business measure?

Procedures to legally start and operate a company

- Preregistration (name verification, notarization)
- Registration in the economy's most populous city
- Postregistration (social security registration, company seal)

Time required to complete each procedure

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure

- Official costs only, no bribes
- No professional fees unless services required by law

Paid-in minimum capital

- Deposited in a bank or with a notary before registration begins

Source: Doing Business database.

Cost

Cost is recorded as a percentage of the country's income per capita. It includes all official fees and fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required by law. The company law, the commercial code and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer's estimate is taken as an official source. In the absence of a government officer's estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied. In all cases the cost excludes bribes.

Paid-in minimum capital

The paid-in minimum capital requirement reflects the amount that the entrepreneur needs to deposit in a bank or with a notary before registration and up to 3 months following incorporation and is recorded as a percentage of the country's income per capita. The amount is typically specified in the commercial code or the company law. Many countries have a minimum capital requirement but allow businesses to pay only a part of it before registration, with the rest to be paid after the first year of operation. In Germany in June 2007 the minimum capital requirement for limited liability companies was €25,000, of which at least €12,500 was payable before registration. The paid-in minimum capital recorded for Germany is therefore €12,500, or 42.8% of income per capita. In Serbia the minimum capital requirement was €500, of which only half needed to be paid before registration. The paid-in minimum capital recorded for Serbia is therefore €250, or 8% of income per capita.

This methodology was developed in Djankov, Simeon, Rafael La Porta, Forencio López-de-Silanes and Andrei Shleifer. 2002. "The Regulation of Entry." Quarterly Journal of Economics 117 (1): 1-37; and is adopted here with minor changes.

Dealing with licenses

Doing Business in Nigeria 2008 records all procedures required for a business in the construction industry to build a standardized warehouse. These procedures include submitting all relevant project-specific documents (for example, building plans and site maps) to the authorities; obtaining all necessary clearances, licenses, permits and certificates; completing all required notifications; and receiving all necessary inspections. *Doing Business* also records procedures for obtaining all utility connections. Procedures necessary to register the property so that it can be used as collateral or transferred are also counted. The survey divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure in practice under normal circumstances.

Information is collected from experts in construction licensing, including architects, construction lawyers, construction firms, utility service providers and public officials who deal with building regulations, including approvals and inspections. To make the data comparable across countries, several assumptions about the business, the warehouse project and the procedures are used.

Assumptions about the construction company

The business (BuildCo):

- Is a limited liability company.
- Operates in the country's most populous city.
- Is 100% domestically and privately owned.
- Has 5 owners, none of whom is a legal entity.
- Is fully licensed and insured to carry out construction projects, such as building warehouses.
- Has 20 builders and other employees, all of them nationals with the technical expertise and professional experience necessary to obtain construction permits and approvals.
- Has at least 1 employee who is a licensed architect and registered with the local association of architects.
- Has paid all taxes and taken out all necessary insurance applicable to its general business activity (for example, accidental insurance for construction workers and third-person liability insurance).
- Owns the land on which the warehouse is built.

Assumptions about the warehouse project

The warehouse:

- Has 2 stories, both above ground, with a total surface of approximately 14,000 square feet (1,300.6 square meters). Each floor is 9 feet, 10 inches (3 meters) high.
- Has road access and is located in the periurban area of the country's most populous city (that is, is on the fringes of the city but still within its official limits). It is not located in a special economic or industrial zone.
- Is located on a land plot of 10,000 square feet (929 square meters) that is 100% owned by BuildCo and is registered in the cadastre and land registry.

- Is a new construction (no previous construction on the land).
- Has complete architectural and technical plans prepared by a licensed architect.
- Will be connected to the following utilities—electricity, water, sewerage (sewage system, septic tank or their equivalent) and one land phone line. The connection to each utility network will be 32 feet, 10 inches (10 meters) long.
- Will require a 10-ampere power connection and 140 kilowatts of electricity.
- Will require up to 100 cubic meters of water daily.
- Will be used for general storage activities, such as storage of books or stationery. The warehouse will not be used for any goods requiring special conditions, such as food, chemicals or pharmaceuticals.
- Will include all technical equipment required to make the warehouse fully operational.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

Procedures

A procedure is any interaction of the company's employees or managers with external parties, including government agencies, notaries, the land registry, the cadastre, utility companies, public and private inspectors and technical experts apart from in-house architects and engineers. Interactions between company employees, such as development of the warehouse plans and inspections conducted by employees, are not counted as procedures. Procedures that the company undergoes to connect to electricity, water, sewerage and phone services are included. All procedures that are legally or in practice required for building a warehouse are counted, even if they may be avoided in exceptional cases.

Time

Time is recorded in calendar days. The measure captures the median duration that local experts indicate is necessary to complete a procedure in practice. It is assumed that the minimum time required for each procedure is 1 day. If a procedure can be accelerated legally for an additional cost, the fastest procedure is chosen. It is assumed that BuildCo does not waste time and commits to completing each remaining procedure without delay. The time that BuildCo spends on gathering information is ignored. It is assumed that BuildCo is aware of all building requirements and their sequence from the beginning.

Cost

Cost is recorded as a percentage of the country's income per capita. Only official costs are recorded. All the fees associated with completing the procedures to legally build a warehouse are recorded, including those associated with obtaining land use approvals and preconstruction design clearances; receiving inspections before, during and after construction;

getting utility connections; and registering the warehouse property. Nonrecurring taxes required for the completion of the warehouse project also are recorded. The building code, information from local experts and specific regulations and fee schedules are used as sources for costs. If several local partners provide different estimates, the median reported value is used.

Registering property

Doing Business in Nigeria 2008 records the full sequence of procedures necessary when a business purchases land and a building to transfer the property title from another business so that the buyer can use the property for expanding its business, as collateral in taking new loans or, if necessary, to sell to another business. Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them. To make the data comparable across countries, several assumptions about the parties to the transaction, the property and the procedures are used.

Assumptions about the parties

The parties (buyer and seller):

- Are limited liability companies.
- Are located in the periurban area of the selected cities.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

Assumptions about the property

The property:

- Has a value of 50 times income per capita. The sale price equals the value.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 6,000 square feet (557.4 square meters). A 2-story warehouse of 10,000 square feet (929 square meters) is located on the land. The warehouse is 10 years old, is in good condition and complies with all safety standards, building codes and other legal requirements. The property of land and building will be transferred in its entirety.
- Will not be subject to renovations or additional building following the purchase.

TABLE 5.2

What does registering property measure?**Procedures to legally transfer title on real property**

- Preregistration (checking for liens, notarizing sales agreement)
- Registration in the economy's most populous city
- Postregistration (paying taxes, filing title with municipality)

Time required to complete each procedure

- Does not include time spent gathering information
- Each procedure starts on a separate day
- Procedure completed once final document is received
- No prior contact with officials

Cost required to complete each procedure

- Official costs only, no bribes
- No value added or capital gains taxes included

Source: Doing Business database.

- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants (legal or illegal), and no other party holds a legal interest in it.

Procedures

A procedure is defined as any interaction of the buyer or the seller, their agents (if an agent is legally or in practice required) or the property with external parties, including government agencies, inspectors, notaries and lawyers. Interactions between company officers and employees are not considered. All procedures that are legally or in practice required for registering property are recorded, even if they may be avoided in exceptional cases. It is assumed that the buyer follows the fastest legal option available and used by the majority of property owners. Although the buyer may use lawyers or other professionals where necessary in the registration process, it is assumed that it does not employ an outside facilitator in the registration process unless legally or in practice required to do so (table 7.2).

Time

Time is recorded in calendar days. The measure captures the median duration that property lawyers, notaries or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is 1 day. Although procedures may take place simultaneously, they cannot start on the same day. It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning. Time spent on gathering information is not considered.

Cost

Cost is recorded as a percentage of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties and any other payment to the property registry, notaries, public agencies or lawyers. Other taxes, such as capital gains tax or value added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.

Enforcing contracts

Indicators on enforcing contracts measure the efficiency of the judicial system in resolving a commercial dispute. The data are built by following the step-by-step evolution of a commercial sale dispute before local courts. The data are collected through study of the codes of civil procedure and other court regulations as well as surveys completed by local litigation lawyers (and, in a quarter of the countries, by judges as well).

Assumptions about the case

- The value of the claim equals 200% of the country's income per capita.
- The dispute concerns a lawful transaction between 2 businesses (Seller and Buyer), located in the country's most populous city. Seller sells goods worth 200% of the country's income per capita to Buyer. After Seller delivers the goods to Buyer, Buyer does not pay for the goods on the grounds that the delivered goods were not of adequate quality.
- Seller (the plaintiff) sues Buyer (the defendant) to recover the amount under the sales agreement (that is, 200% of the country's income per capita). Buyer opposes Seller's claim, saying that the quality of the goods is not adequate. The claim is disputed on the merits.
- A court in the country's most populous city with jurisdiction over commercial cases worth 200% of income per capita decides the dispute.
- Seller attaches Buyer's goods prior to obtaining a judgment because Seller fears that Buyer may become insolvent during the lawsuit.
- Expert opinions are given on the quality of the delivered goods. If it is standard practice in the country for parties to call witnesses or expert witnesses to give an opinion on the quality of the goods, the parties each call one witness or expert witness. If it is standard practice for the judge to appoint an independent expert to give an expert opinion on the quality of the goods, the judge does so. In this case the judge does not allow opposing expert testimony.
- The judgment is 100% in favor of Seller: the judge decides that the goods are of adequate quality and that Buyer must pay the agreed price.
- Buyer does not appeal the judgment. The judgment becomes final.

- Seller takes all required steps for prompt enforcement of the judgment. The money is successfully collected through a public sale of Buyer's movable assets (for example, office equipment).

Procedures

A procedure is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment and steps necessary to enforce the judgment. This year the survey allowed respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. For example, the judge can appoint an independent expert in civil law countries whereas both parties in common law countries send a list of their expert witnesses to the court. To indicate the overall efficiency of court procedures, 1 procedure is now subtracted for countries that have specialized commercial courts and 1 procedure for countries that allow electronic filing of court cases.

Time

Time is recorded in calendar days, counted from the moment the plaintiff files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The respondents make separate estimates of the average duration of different stages of dispute resolution: the completion of service of process (time to file the case), the issuance of judgment (time for the trial and obtaining the judgment) and the moment of payment (time for enforcement).

Cost

Cost is recorded as a percentage of the claim, assumed to be equivalent to 200% of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney fees where the use of attorneys is mandatory or common.

This methodology was developed in Djankov, Simeon, Rafael La Porta, Forencio López-de-Silanes and Andrei Shleifer. 2003. "Courts." Quarterly Journal of Economics 118 (2): 453-517; and is adopted here with minor changes.

Ease of doing business

The ease of doing business index ranks 10 states and Abuja, FCT from 1 to 11. The index is calculated as the ranking on the simple average of city percentile rankings on each of the 4 topics covered in *Doing Business in Nigeria 2008*. The ranking on each topic is the simple average of the percentile rankings on its component indicators.

The ease of doing business index is limited in scope. It does not account for a selected city's proximity to large markets, the quality of its infrastructure services, the security of property from theft and looting, macroeconomic conditions or the strength of underlying institutions. There remains a large unfinished agenda for research into what regulation constitutes binding constraints, what package of reforms is most effective and how these issues are shaped by the country context. The *Doing Business* indicators provide a new empirical data set that may improve understanding of these issues.

This methodology is developed by Simeon Djankov, Caralee McLiesh, and Rita Ramalho in "Growth and the Ease of Doing Business," working paper, World Bank, August 2004.

Doing business indicators for Nigeria

10 states and the Federal Capital Territory

Starting a business JULY 2007					Registering property JULY 2007			
	Number of procedures	Time (days)	Cost (% of income per capita)	Ease of starting a business (rank)	Number of procedures	Time (days)	Cost (% of property value)	Ease of registering property (rank)
Abia	9	37	41.9	3	12	229	13.4	8
Abuja, FCT	5	22	37.0	1	10	60	9.2	1
Anambra	9	46	49.2	8	12	213	15.3	9
Bauchi	9	38	49.1	6	10	89	11.0	3
Cross River	9	57	61.5	11	12	63	23.6	6
Enugu	9	44	49.2	7	12	104	11.9	4
Kaduna	9	34	45.5	2	12	130	13.9	6
Kano	9	36	61.3	8	12	38	11.9	2
Lagos	9	34	56.6	4	14	82	22.2	10
Ogun	9	41	61.3	10	19	174	16.9	11
Sokoto	9	31	61.3	4	12	102	15.0	5

Dealing with licenses JULY 2007					Enforcing contracts JULY 2007			
	Number of procedures	Time (days)	Cost (% of income per capita)	Ease of obtaining licenses (rank)	Number of procedures	Time (days)	Cost (% of claim)	Ease of enforcing contracts (rank)
Abia	16	102	369.5	8	40	315	47.6	6
Abuja, FCT	18	117	439.4	9	39	432	42.9	2
Anambra	14	164	302.2	6	40	450	44.2	9
Bauchi	12	78	372.5	4	40	455	15.5	1
Cross River	17	89	151.1	5	40	835	52.8	11
Enugu	14	182	344.6	7	40	970	41.0	10
Kaduna	12	61	142.3	1	40	534	13.1	2
Kano	14	75	233.4	3	40	810	14.4	6
Lagos	18	350	1,016.0	11	39	457	32.0	5
Ogun	21	95	477.8	10	40	455	28.6	4
Sokoto	13	46	154.8	2	40	638	16.4	8

State tables

ABIA Ease of doing business (rank)	6	City: Aba	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	12
Time (days)	37	Time (days)	229
Cost (% of income per capita)	41.9	Cost (% of claim)	13.4
Ease of starting a business (rank)	3	Ease of registering property (rank)	8
Dealing with licenses		Enforcing contracts	
Procedures (number)	16	Procedures (number)	40
Time (days)	102	Time (days)	315
Cost (% of property value)	369.5	Cost (% of claim)	47.6
Ease of dealing with licenses (rank)	8	Ease of enforcing contracts (rank)	6
ABUJA, FCT Ease of doing business (rank)	2	City: Abuja	
Starting a business		Registering property	
Procedures (number)	5	Procedures (number)	10
Time (days)	22	Time (days)	60
Cost (% of income per capita)	37.0	Cost (% of claim)	9.2
Ease of starting a business (rank)	1	Ease of registering property (rank)	1
Dealing with licenses		Enforcing contracts	
Procedures (number)	18	Procedures (number)	39
Time (days)	117	Time (days)	432
Cost (% of property value)	439.4	Cost (% of claim)	42.9
Ease of dealing with licenses (rank)	9	Ease of enforcing contracts (rank)	2
ANAMBRA Ease of doing business (rank)	9	City: Onitsha	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	12
Time (days)	46	Time (days)	213
Cost (% of income per capita)	49.2	Cost (% of claim)	15.3
Ease of starting a business (rank)	8	Ease of registering property (rank)	9
Dealing with licenses		Enforcing contracts	
Procedures (number)	14	Procedures (number)	40
Time (days)	164	Time (days)	450
Cost (% of property value)	302.2	Cost (% of claim)	44.2
Ease of dealing with licenses (rank)	8	Ease of enforcing contracts (rank)	9

BAUCHI Ease of doing business (rank) 3 City: Bauchi**Starting a business**

Procedures (number)	9
Time (days)	38
Cost (% of income per capita)	49.1
Ease of starting a business (rank)	6

Registering property

Procedures (number)	10
Time (days)	89
Cost (% of claim)	11.0
Ease of registering property (rank)	3

Dealing with licenses

Procedures (number)	12
Time (days)	78
Cost (% of property value)	372.5
Ease of dealing with licenses (rank)	4

Enforcing contracts

Procedures (number)	40
Time (days)	455
Cost (% of claim)	15.5
Ease of enforcing contracts (rank)	1

CROSS RIVER Ease of doing business (rank) 10 City: Calabar**Starting a business**

Procedures (number)	9
Time (days)	57
Cost (% of income per capita)	61.5
Ease of starting a business (rank)	11

Registering property

Procedures (number)	12
Time (days)	63
Cost (% of claim)	23.6
Ease of registering property (rank)	6

Dealing with licenses

Procedures (number)	17
Time (days)	89
Cost (% of property value)	151.1
Ease of dealing with licenses (rank)	5

Enforcing contracts

Procedures (number)	40
Time (days)	835
Cost (% of claim)	52.8
Ease of enforcing contracts (rank)	11

ENUGU Ease of doing business (rank) 7 City: Enugu**Starting a business**

Procedures (number)	9
Time (days)	44
Cost (% of income per capita)	49.2
Ease of starting a business (rank)	7

Registering property

Procedures (number)	12
Time (days)	104
Cost (% of claim)	11.9
Ease of registering property (rank)	4

Dealing with licenses

Procedures (number)	14
Time (days)	182
Cost (% of property value)	344.6
Ease of dealing with licenses (rank)	7

Enforcing contracts

Procedures (number)	40
Time (days)	970
Cost (% of claim)	41.0
Ease of enforcing contracts (rank)	10

KADUNA Ease of doing business (rank) 1 City: Kaduna**Starting a business**

Procedures (number)	9
Time (days)	34
Cost (% of income per capita)	45.5
Ease of starting a business (rank)	2

Registering property

Procedures (number)	12
Time (days)	130
Cost (% of claim)	13.9
Ease of registering property (rank)	6

Dealing with licenses

Procedures (number)	12
Time (days)	61
Cost (% of property value)	142.3
Ease of dealing with licenses (rank)	1

Enforcing contracts

Procedures (number)	40
Time (days)	534
Cost (% of claim)	13.1
Ease of enforcing contracts (rank)	2

KANO Ease of doing business (rank)	4	City: Kano	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	12
Time (days)	36	Time (days)	38
Cost (% of income per capita)	61.3	Cost (% of claim)	11.9
Ease of starting a business (rank)	8	Ease of registering property (rank)	2
Dealing with licenses		Enforcing contracts	
Procedures (number)	14	Procedures (number)	40
Time (days)	75	Time (days)	810
Cost (% of property value)	233.4	Cost (% of claim)	14.4
Ease of dealing with licenses (rank)	3	Ease of enforcing contracts (rank)	6
LAGOS Ease of doing business (rank)	8	City: Lagos	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	14
Time (days)	34	Time (days)	82
Cost (% of income per capita)	56.6	Cost (% of claim)	22.2
Ease of starting a business (rank)	5	Ease of registering property (rank)	10
Dealing with licenses		Enforcing contracts	
Procedures (number)	18	Procedures (number)	39
Time (days)	350	Time (days)	457
Cost (% of property value)	1,016.0	Cost (% of claim)	32.0
Ease of dealing with licenses (rank)	11	Ease of enforcing contracts (rank)	5
OGUN Ease of doing business (rank)	11	City: Abeokuta	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	19
Time (days)	41	Time (days)	174
Cost (% of income per capita)	61.3	Cost (% of claim)	16.9
Ease of starting a business (rank)	10	Ease of registering property (rank)	11
Dealing with licenses		Enforcing contracts	
Procedures (number)	21	Procedures (number)	40
Time (days)	95	Time (days)	455
Cost (% of property value)	477.8	Cost (% of claim)	28.6
Ease of dealing with licenses (rank)	10	Ease of enforcing contracts (rank)	4
SOKOTO Ease of doing business (rank)	4	City: Sokoto	
Starting a business		Registering property	
Procedures (number)	9	Procedures (number)	12
Time (days)	31	Time (days)	102
Cost (% of income per capita)	61.3	Cost (% of claim)	15.0
Ease of starting a business (rank)	5	Ease of registering property (rank)	5
Dealing with licenses		Enforcing contracts	
Procedures (number)	13	Procedures (number)	40
Time (days)	46	Time (days)	638
Cost (% of property value)	154.8	Cost (% of claim)	16.4
Ease of dealing with licenses (rank)	2	Ease of enforcing contracts (rank)	8

List of procedures

Starting a business

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Starting a business

ABIA

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Aba

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty

Time to complete: 9 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

A Stamp Duty Office was set up in July 2007 on the premises of Corporate Affairs Commission, which is expected to improve efficiency of stamping of incorporation documents in Abia state in the near future. The time for preparation of documents and stamping presented here is based on an assumption that the stamping is conducted at the Stamp Duty office in Enugu, and accounts for the travel time (as of July 2007, most lawyers were carrying out the stamping of incorporation documents in Enugu or Port Harcourt).

Procedure 3. Notarize the Declaration of Compliance (CAC Form CO1)

Time to complete: 1 day

Cost to complete: NGN 250

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N250.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission

Time to complete: 16 days

Cost to complete: Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

The zonal office of the Corporate Affairs Commission in Abia started operating in 2007, but as of July most lawyers were conducting incorporations either directly in Abuja or at the zonal office of Corporate Affairs Commission in Enugu. The time for registration presented here is based on an assumption that the registration is conducted at the zonal office in Enugu, and accounts for the travel time.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs can register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industries

Time to complete: 3 days

Cost to complete: Included in the following procedure

Comment: Following incorporation with Corporate Affairs Commission, a newly established business must obtain a business premises permit from the Ministry of Commerce and Industries.

Procedure 9*. Pay fees to a government account at a designated bank

Time to complete: 1 day

Cost to complete: NGN 4,000

Comment: The fees vary from NGN 400 to NGN 100,000. The registration fee for a medium size manufacturing company is NGN 4,000 for the initial registration and NGN 2,000 for the subsequent annual renewals.

*This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

ABUJA, FCT

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Abuja

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Abuja

Time to complete: 6 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

It is possible to speed up the process of stamping by using the expedited procedure, costing NGN 10,000 for same day, and NGN 5,000 for overnight processing.

Procedure 3. Notarize the Declaration of Compliance (CAC Form CO1)

Time to complete: 1 day

Cost to complete: NGN 200

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N200.

Procedure 4. Register the company with the Corporate Affairs Commission's Abuja headquarters

Time to complete: 9 days

Cost to complete: NGN 500 incorporation forms + NGN 10,000 Incorporation fees (an extra NGN 50,000 for same-day processing), + 1.5% stamp duty paid on capital, + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, +NGN 2,000 for certified true copy of particulars of shareholders.

Comment: The following incorporation documents are submitted to the Corporate Affairs Commission:

- Name reservation/availability form
- Two printed copies of Memorandum and Articles of Association stamped by commissioner for stamp duties
- Notice of Registered Address (Form CAC 3)
- Particulars of Directors (Form CAC 7)
- Statement of share capital + return of allotment of shares (Form CAC 2).

Incorporation fees amount to N10,000 for company whose nominal share capital does not exceed N1,000,000, and N10,000 for every N1,000,000 thereafter. Procuring the certified true copy of the memorandum and articles and the particulars of directors and shareholders is necessary since these documents are mandatory for other start-up steps such as opening a bank account.

The Corporate Affairs Commission introduced the option of a "same-day" incorporation at an additional fee of of NGN 50,000 above the cost of normal incorporation. In June 2005, the Corporate Affairs Commission (CAC) commissioned an online system. This system provides for an option for online registration of a company, whereby the completion of registration documents and payments may be done electronically by CAC accredited lawyers. However, the system is not fully implemented yet.

In Abuja, the incorporation fees can be paid to a bank, which has a desk at the Corporate Affairs Commission office.

Procedure 5. Register at the Integrated Tax Office for corporate income tax, VAT, and PAYE

Time to complete: 5 days

Cost to complete: No cost

Comment: In Abuja, entrepreneurs can register for corporate income tax, VAT and PAYE at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filed and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT:

Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

PAYE:

All employers shall register with the Integrated Tax Office for the purposes of deducting income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

STARTING A BUSINESS

ANAMBRA

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Onitsha

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Onitsha

Time to complete: 7 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

Procedure 3. Notarize the Declaration of Compliance (CAC Form CO1)

Time to complete: 1 day

Cost to complete: NGN 200

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N200.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission

Time to complete: 16 days

Cost to complete: Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

At the time of this assessment, the zonal office of the Corporate Affairs Commission was not yet operating in Anambra, and incorporation documents were either couriered to Abuja or dropped off at one of the closest zonal offices in Enugu or Asaba. The time for registration presented here is based on an assumption that the registration is conducted at the zonal office in Enugu, and accounts for the travel time.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs can register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser

- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax office**Time to complete:** 2 days**Cost to complete:** No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce, Industry and Tourism**Time to complete:** 14 days**Cost to complete:** Included in the following procedure

Comment: The inspector visits the premises in order to determine their size and to ascertain that the business is not situated in an area prohibited or restricted by any law. The business license also serves as a zoning check. The inspection happens some time after the application, but the business can operate in the meantime, so effectively only one day is lost. The local government issues a demand notice stating the cost of the business license, which contains the mode of payment, the receiving bank and due date. After payment of the fee, the company has in effect fulfilled its obligation. The state government periodically checks payment and enforces court action on any default.

Procedure 9*. Pay fees to a government account at a designated bank**Time to complete:** 1 day**Cost to complete:** NGN 10,000

Comment: The business premises permit fees for first time registration are set at NGN 10,000 for business situated in urban areas and NGN 5,000 for rural areas. The renewal fees are NGN 5,000 and NGN 1,000 respectively.

* This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

BAUCHI

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Bauchi

Data as of: July 2007

Registration Requirements

Procedure 1. Check the availability of company name with the Corporate Affairs Commission**Time to complete:** 1 day**Cost to complete:** NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Bauchi**Time to complete:** 4 days**Cost to complete:** NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Stamp Duty Office of the Federal Board of Inland Revenue Service.

Stamp Duty Office was set up in Bauchi in 2007 greatly facilitating the process of stamping incorporation documents. Previously, lawyers had to travel to Abuja or Kaduna to conduct stamping.

Procedure 3. Notarize the Declaration of Compliance (CAC Form CO1)**Time to complete:** 1 day**Cost to complete:** NGN 100

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N100.

Procedure 4. Pay incorporation fees at a designated bank**Time to complete:** 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Procedure 5. Register the company with the Corporate Affairs Commission zonal office in Bauchi**Time to complete:** 21 days**Cost to complete:** Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter.

The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

The zonal office of the Corporate Affairs Commission was set up in Bauchi in 2006 greatly facilitating incorporation of companies in the state. Previously, lawyers had to travel to Abuja or Kaduna to submit the incorporation documents for registration.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT**Time to complete:** 5 days**Cost to complete:** No cost

Comment: Entrepreneurs register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorpora-

tion must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: All companies who are required to register for VAT should complete the VAT registration form VAT form 001 obtainable free of charge from all offices of the FIRS and return it to the nearest integrated tax office where a taxpayer identification number (TIN) will be given. The VAT Act enjoins all those who are required to register for VAT should do so within a maximum period of six months from the date of commencement of business. The VAT certificate with TIN is issued within a week. The number is issued in 1-2 days and the certificate mailed to the company.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industry and pay fees

Time to complete: 4 days

Cost to complete: NGN 10,000

Comment: The business license fee depends on the category of a business, and its location. For category A, the fee is NGN 10,000 for first time registration, and NGN 5,000 for renewals. The fees are paid directly to the Ministry of Commerce and Industry.

Procedure 9*. Receive an inspection from the Ministry of Commerce and Industries

Time to complete: 1 day

Cost to complete: NGN 10,000

Comment: To determine nature and location of the business, the premises may be inspected before the business premises permit is issued.

* Takes place simultaneously with another procedure.

STARTING A BUSINESS

CROSS RIVER

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Calabar

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty office in Port Harcourt

Time to complete: 14 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the

Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

There is no Stamp Duty Office in Cross River state, and incorporation documents have to be stamped at the closest Stamp Duty Office in Port Harcourt, adding time to this procedure.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)

Time to complete: 1 day

Cost to complete: NGN 250

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of NGN 250.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission's zonal office in Calabar

Time to complete: 30 days

Cost to complete: Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs can register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation

- Name, address of tax adviser

- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Department of Investment Promotion

Time to complete: 3 days

Cost to complete: Included in the following procedure

Comment: There is no schedule of fees, and an individual assessment is done for each business. The fees can range from NGN 1,500 to NGN 250,000.

Procedure 9*. Pay fees to a government account at a designated bank

Time to complete: 1 day

Cost to complete: NGN 20,000

Comment: The payment is made directly into the government bank account.

*This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

ENUGU

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Enugu

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Enugu

Time to complete: 6 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the

Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

It is possible to speed up the process of stamping by using the expedited procedure, costing NGN 10,000 for same day, and NGN 5,000 for overnight processing.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)

Time to complete: 1 day

Cost to complete: NGN 200

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N200.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 4. Register the company with the Corporate Affairs Commission's zonal office in Enugu

Time to complete: 14 days

Cost to complete: Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

Corporate Affairs Commission's zonal office was set up in Enugu in 2006 greatly facilitating company incorporation in the state.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs can register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association

- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industry

Time to complete: 14 days

Cost to complete: Included in the following procedure

Comment: The business premises permit fee varies depending on the size of the business and type of activity. The fee for a first-time registration for a medium manufacturing company is NGN 10,000, and a renewal fee is NGN 5,000.

Procedure 9*. Pay fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 50,000

Comment: The payment is made directly into the government bank account.

* Takes place simultaneously with another procedure.

STARTING A BUSINESS

KADUNA

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Kaduna

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form CAC 1)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Kaduna

Time to complete: 4 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Stamp Duty Office of the Federal Board of Inland Revenue Service.

Procedure 3. Notarize the Declaration of Compliance (Form CAC 4)

Time to complete: 1 day

Cost to complete: NGN 100

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (a) A barrister or solicitor engaged in the formation of the company or,
- (b) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

In High Court Oath is NGN 100.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission's zonal office in Kaduna

Time to complete: 14 days

Cost to complete: Included in the previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs register for both corporate income tax and VAT at the Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filed and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire

- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 3 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industry and pay fees

Time to complete: 3 days

Cost to complete: NGN 7,100 (NGN 100 for application form + NGN 7,000 for business premises registration fee)

Comment: The following documents must be submitted: application form, evidence of registration with Corporate Affairs Commission and tax clearance certificate. In Kaduna Town the fees for business premises registration range between NGN 700 and NGN 20,000. For a medium size manufacturing company, the fee amounts to NGN 7,000 and NGN 5,000 for subsequent annual renewals of the permit.

Procedure 9*. Receive an inspection from the Ministry of Commerce and Industry

Time to complete: 1 day

Cost to complete: No cost

Comment: After the submission of all documents, an inspection of the business premises is carried out by an officer from the Ministry of Commerce and Industry.

* This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

KANO

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Kano

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form CAC 1)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-

payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Kano

Time to complete: 7 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)

Time to complete: 1 day

Cost to complete: NGN 50

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of NGN 50.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission's zonal office in Kano

Time to complete: 18 days

Cost to complete: Included in the previous procedure

Comment: The following incorporation documents are submitted to the Corporate Affairs Commission:

- Name reservation/availability form
- Two printed copies of Memorandum and Articles of Association stamped by commissioner for stamp duties
- Notice of Registered Address (Form CAC 3)
- Particulars of Directors (Form CAC 7)
- Statement of share capital + return of allotment of shares (Form CAC 2).

Incorporation fees amount to N10,000 for company whose nominal share capital does not exceed N1,000,000, and N10,000 for every N1,000,000 thereafter. Procuring the certified true copy of the memorandum and articles and the particulars of directors and shareholders is necessary since these documents are mandatory for other start-up steps such as opening a bank account.

The Corporate Affairs Commission introduced the option of a "same-day" incorporation at an increased statutory fee 5 times above the cost for normal incorporation. In June 2005, the Corporate Affairs Commission (CAC) commissioned an online system. This system provides for an option for online registration of a company, whereby the completion of registration documents and payments may be done electronically by CAC accredited lawyers. However, the system is not fully implemented, yet.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs register for both corporate income tax and VAT at the Integrated Tax Office.

Corporate income tax: The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled

and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 1 day

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industry and pay fees

Time to complete: 3 days

Cost to complete: NGN 20,000

Comment: The owner applies at the Ministry of Commerce and Industry for a business premises permit. The fees are paid directly to the Ministry. The fees for the business premises permit depend on the type of activity, category of business (limited liability company, partnership or sole proprietorship), size of the business, and its location, and range from NGN 600 to NGN 100,000. For a medium manufacturing company located in Kano metropolis the business premises permit costs NGN 20,000. The annual renewal fee is the same as initial registration.

Procedure 9*. Receive an inspection from the Ministry of Commerce and Industry

Time to complete: 1 day

Cost to complete: No cost

Comment: The Ministry of Commerce may conduct an inspection of the premises to confirm the location of the business and determine the type of business activity.

*This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

LAGOS

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Lagos

Data as of: June 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty

Time to complete: 7 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Stamp Duty Office of the Federal Board of Inland Revenue Service.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)

Time to complete: 1 day

Cost to complete: NGN 200

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N200.

Procedure 4. Register the company with the Corporate Affairs Commission zonal office in Lagos

Time to complete: 11 days

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

In Lagos, the incorporation fees can be paid to a bank, which has a desk at the Corporate Affairs Commission office.

Procedure 5*. Register with the Federal Board of Inland Revenue Department of the Ministry of Finance for income tax**Time to complete:** 4 days**Cost to complete:** No cost

Comment: The Federal Inland Revenue Service (FIRS) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS);
- Completed FIRS questionnaire;
- Copy of Memorandum and Articles of Association;
- Names and Addresses of Directors;
- Copy of Certificate of Incorporation;
- Name, address of tax adviser;
- A letter of appointment of a tax adviser and a letter of acceptance.

To register, the company must submit the taxpayer registration input form in triplicate, and the original certificate of incorporation must be presented for review by the controller. Upon the completed taxpayer registration input form and all other documents being received, a tax reference number is allocated. An application must be filed for the tax clearance certificate; its issuance is not automatic. The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of 500 naira is payable for the first time and four hundred naira is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

Procedure 6*. Register for VAT**Time to complete:** 1-2 days**Cost to complete:** No cost

Comment: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office**Time to complete:** 2 days**Cost to complete:** No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Receive a visit from a local government inspection officer**Time to complete:** 7 days**Cost to complete:** No cost

Comment: The inspector visits the premises to determine their size and to ascertain that the business is not in an area prohibited or restricted by any law. The local government issues a demand notice of any fees or taxes to be paid, with details on the payment method, the receiving bank, and the due date. Upon payment, the company has in effect fulfilled its obligation. The local government periodically checks payment and enforces court action on any default. The state and the local government determine through physical inspections which businesses are operating within its jurisdiction and issue various levies, assessments, and charges for payment by the company concerned. Failure to pay can lead to legal action in state (and local government) courts.

Procedure 9. Pay fees at a designated bank**Time to complete:** 1 day**Cost to complete:** NGN 15,000 + NGN 1000 advertising fee

Comment: The initial registration fee varies depending on the company size between N5,000 for small businesses and N50,000 for large-scale businesses. The registration must be renewed each year (N5,000 for each renewal). These prices are for an urban area.

* This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

OGUN

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Abeokuta

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission**Time to complete:** 1 day**Cost to complete:** NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Lagos**Time to complete:** 9 days**Cost to complete:** NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

There is no Stamp Duty Office in Ogun state, and incorporation documents have to be stamped in Lagos, adding time to this procedure.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)**Time to complete:** 1 day**Cost to complete:** NGN 20

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor, chartered accountant or chartered secretary engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N20.

Procedure 4. Pay incorporation fees at a designated bank**Time to complete:** 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission's zonal office in Abeokuta**Time to complete:** 21 days**Cost to complete:** Included in the previous procedure

Comment: The following incorporation documents are submitted to the Corporate Affairs Commission:

- Name reservation/availability form
- Two printed copies of Memorandum and Articles of Association stamped by com-

missioner for stamp duties

- Notice of Registered Address (Form CAC 3)
- Particulars of Directors (Form CAC 7)
- Statement of share capital + return of allotment of shares (Form CAC 2).

Incorporation fees amount to N10,000 for company whose nominal share capital does not exceed N1,000,000, and N10,000 for every N1,000,000 thereafter. Procuring the certified true copy of the memorandum and articles and the particulars of directors and shareholders is necessary since these documents are mandatory for other start-up steps such as opening a bank account.

The Corporate Affairs Commission introduced the option of a "same-day" incorporation at an increased statutory fee 5 times above the cost for normal incorporation. In June 2005, the Corporate Affairs Commission (CAC) commissioned an online system. This system provides for an option for online registration of a company, whereby the completion of registration documents and payments may be done electronically by CAC accredited lawyers. However, the system is not fully implemented, yet.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs can register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: All companies who are required to register for VAT should complete the VAT registration form VAT form 001 obtainable free of charge from all offices of the FIRS and return it to the nearest integrated tax office where a taxpayer identification number (TIN) will be given. The VAT Act enjoins all those who are required to register for VAT should do so within a maximum period of six months from the date of commencement of business. The VAT certificate with TIN is issued within a week. The number is issued in 1-2 days and the certificate mailed to the company.

Procedure 7*. Register for personal income tax PAYE at the State Tax office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business permit from the Ogun State Ministry of Commerce and Industry

Time to complete: 2 days

Cost to complete: Included in the following procedure

Comment: The business permit fee for a general merchant in urban areas of Ogun state is NGN 20,000 for first time registration, and NGN 10,000 for a renewal.

Procedure 9*. Pay business permit fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 20,000

Comment: The payment is made directly into the government bank account.

* This procedure takes place simultaneously with another procedure.

STARTING A BUSINESS

SOKOTO

Standard company legal form: Private Limited Liability Company

Minimum capital requirement: NGN 10,000 (nominal)

City: Sokoto

Data as of: July 2007

Procedure 1. Check the availability of company name with the Corporate Affairs Commission

Time to complete: 1 day

Cost to complete: NGN 200 (application form)

Comment: The Corporate Affairs Commission Online System was commissioned in June 2005 and fully operational in September 2006. The system allows for an online search of unique company names immediately upon the purchase of an e-payment card from an accredited bank. The system also allows the topping up of the e-payment card to the value of the service required.

Procedure 2. Prepare the requisite incorporation documents and pay the stamp duty at the Stamp Duty Office in Sokoto

Time to complete: 5 days

Cost to complete: NGN 12,230 (1.5% of the share capital)

Comment: Tasks include: (i) preparing and printing the Memorandum and Articles of Association; (ii) completing the requisite statutory forms; and (iii) having the Memorandum and Articles of Association stamped by the Federal Board of Inland Revenue Service.

Stamp Duty Office commenced operations in Sokoto in January 2007, which greatly facilitated the process of stamping incorporation documents. Previously, applicants had to travel to Kaduna or Abuja to stamp the incorporation documents.

Procedure 3. Notarize the Declaration of Compliance (CAC Form C01)

Time to complete: 1 day

Cost to complete: NGN 20

Comment: A sworn declaration that the requirements of the Companies and Allied Matters Act have been met, must be sworn to by:

- (i) A barrister or solicitor, chartered accountant or chartered secretary engaged in the formation of the company or,
- (ii) A person named in the Memorandum and Articles of Association as a director or secretary of the company.

The declaration must be filed with the High Court Oath at a cost of N20.

Procedure 4. Pay incorporation fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 17,500 (NGN 500 for incorporation forms + NGN 10,000 for incorporation fees (an extra NGN 50,000 for same-day processing) + NGN 500 for each additional copy of Memorandum and Articles of Association stamped + NGN 3,000 for certified true copy of memorandum and articles of association, + NGN 2,000 for certified true copy of particulars of directors, + NGN 2,000 for certified true copy of particulars of shareholders)

Comment: Payment is made to any of the receiving banks designated by the Corporate Affairs Commission.

Procedure 5. Register the company with the Corporate Affairs Commission's zonal office in Sokoto

Time to complete: 11 days

Cost to complete: Included in previous procedure

Comment: To register the company with the Corporate Affairs Commission, the following incorporation documents are submitted:

- Name reservation and availability form;
- Memorandum and articles of association, stamped by the commissioner for stamp duties (two copies);
- Form CAC 3, Notice of registered address;
- Form CAC 7, Particulars of directors;
- Form CAC 2, Statement of share capital and return of allotment of shares.

Incorporation fees are NGN 10,000 for company whose nominal share capital does not exceed NGN 1,000,000, and NGN 10,000 for every NGN 1,000,000 thereafter. The certified true copy of the memorandum and articles of association and the particulars of directors and shareholders is also mandatory for other startup activities, such as opening a bank account. The Corporate Affairs Commission introduced the option of a "same-day" incorporation, costing N50,000 (in addition to other statutory fees). In June 2005, the Corporate Affairs Commission commissioned a system for online company registration, in which registration documents and payments may be processed electronically by Commission-accredited lawyers. However, the system is not yet fully implemented.

Procedure 6. Register with the Integrated Tax Office of the Federal Board of Inland Revenue, Department of the Ministry of Finance for income tax and VAT

Time to complete: 5 days

Cost to complete: No cost

Comment: Entrepreneurs register for both corporate income tax and VAT at the new Integrated Tax Office.

Corporate income tax:

The FIRS (Federal Inland Revenue Service) will require the applicant to complete tax registration forms for corporate income tax registration. The Company registers for companies' income tax purpose at a Federal Tax Office nearest to its place of business or registered office. A letter is written to the tax authority applying for a tax clearance certificate. A form obtained from the tax office is filled and the following documents submitted with it.

- Taxpayer registration input form (TRIF/2006/001 COYS)
- Completed FIRS questionnaire
- Copy of Memorandum and Articles of Association
- Names and Addresses of Directors
- Copy of Certificate of Incorporation
- Name, address of tax adviser
- a letter of appointment of a tax adviser and a letter of acceptance

The application forms must be in triplicate and the original certificate of incorporation must be presented for 'sighting' by the controller before registration can be completed. Upon receipt of the completed taxpayer registration input form and all documents, a tax reference number is allocated. An application must be filed for the tax clearance certificate. Its issuance is not automatic.

The fees for the tax clearance issuance are as follows:

- (i) For newly registered companies within six months of incorporation, tax clearance certificate is free.
- (ii) For companies that are yet to commence business and show up for registration after six months of incorporation, if they request for tax clearance certificate a pre-operation levy of NGN 25,000 is payable for the first time and NGN 20,000 is payable for subsequent years until it files a notice of commencement of business.
- (iii) Companies that register after commencement of business are required to file set of audited accounts. TCC is issued based on tax paid for three years. If the position is loss, TCC will be issued to reflect the position.

VAT: Companies required to register for VAT should complete the VAT registration form (VAT Form 001, obtainable free of charge from all FIRS offices) and return it to the nearest integrated tax office, which will issue a taxpayer identification number (TIN). According to the VAT Act, companies required to register for VAT must do so within 6 months from the date of starting business operations. The TIN is issued in 1-2 days, but it is mailed with the VAT certificate, which is issued in a week.

Procedure 7*. Register for personal income tax PAYE at the State Tax Office

Time to complete: 2 days

Cost to complete: No cost

Comment: All employers shall register with the state tax authority for the deduction of income tax from employees. Once the application is filed with a copy of the certificate of incorporation attached, a reference file is then opened for the company.

Procedure 8*. Obtain a business premises permit from the Ministry of Commerce and Industry and pay fees

Time to complete: 7 days

Cost to complete: NGN 20,000

Comment: The owner applies at the Ministry of Commerce and Industry for a business premises permit. The fees are paid at the Ministry. The business permit fee for general business activities is NGN 20,000 for initial registration, and 50% of thereof for subsequent annual renewals.

Procedure 9*. Receive an inspection from the Ministry of Commerce and Industry

Time to complete: 1 day

Cost to complete: No cost

Comment: The Ministry of Commerce conducts an inspection to confirm the location of the business and determine the type of business activity.

* This procedure takes place simultaneously with another procedure.

LIST OF PROCEDURES

Dealing with licenses

ABIA

Procedures to build a warehouse

City: Aba

Data as of: July 2007

Procedure 1. Obtain a site analysis report

Time to complete: 1 week

Cost to complete: NGN 25,000

Comment: Site analysis report is prepared by a registered town planner, by is known to the local branch of the Institute of Town Planners (there are only 5 such professionals in Aba).

Procedure 2. Submit an application to Aba Urban Development Authority, Ministry of Lands and Surveys and pay assessed fees to the Accounts Department

Time to complete: 1 day

Cost to complete: NGN 150,000

Comment: The documents should include architectural, structural, mechanical and electrical drawings.

Procedure 3*. Receive a pre-approval inspection

Time to complete: 1 day

Cost to complete: No cost

Procedure 4*. Obtain a building permit

Time to complete: 21 days

Cost to complete: No cost

Comment: Once a permit is issued, it is valid for 2 years.

Procedure 5. Request and receive 1st stage inspection

Time to complete: 2 days

Cost to complete: No cost

Comment: After completion of each stage, the developer is obliged to notify the authorities and wait for the inspection.

Procedure 6. Request and receive 2nd stage inspection**Time to complete:** 2 days**Cost to complete:** No cost**Procedure 7. Request and receive 3rd stage inspection****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 8. Request and receive 4th stage inspection****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 9. Request and receive 5th stage inspection****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 10. Request and receive a completion inspection****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 11. Obtain a certificate of fitness for habitation****Time to complete:** 7 days**Cost to complete:** No cost**Comment:** A certificate of fitness for habitation can be issued after an inspection (it would take maximum 1 week). It is rarely done in practice.**Procedure 12*. Obtain a fixed telephone line****Time to complete:** 60 days**Cost to complete:** NGN 4,725**Comment:** A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. NITEL connections are practically not available in Aba, instead people rely on GSM or fixed wireless lines.**Procedure 13*. Apply for electricity connection and pay the fees****Time to complete:** 1 day**Cost to complete:** NGN 31,500**Comment:** To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.**Procedure 14*. Receive inspection by electrical provider****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 15*. Obtain electricity connection****Time to complete:** 14 days**Cost to complete:** No cost**Procedure 16*. Dig borehole to obtain water****Time to complete:** 7 days**Cost to complete:** NGN 90,000**Comment:** Water connections are not readily available, instead people usually rely on private boreholes.

* This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

ABUJA, FCT*Procedures to build a warehouse**City: Abuja**Data as of: July 2007***Procedure 1. Obtain an environmental impact assessment report****Time to complete:** 7 days**Cost to complete:** NGN 150,000**Procedure 2*. Submit building plans to Abuja Development Control Department****Time to complete:** 60 days**Cost to complete:** NGN 121,554 (NGN 117,054 for building permit + NGN 1,000 for application form + NGN 3,500 for building manual and investor's guide)**Comment:** The application form must be accompanied by 4 copies of architectural, structural, electrical and mechanical drawings, and a certificate of occupancy. At the time of submission, the fees are assessed and the drawings are registered. Building fees are calculated as NGN 90 per square meter. Recently an expedited option was introduced to fast track the process, where building plans are approved in 7 days, at the cost 3 times higher than regular approval.**Procedure 3*. Receive a pre-approval site inspection****Time to complete:** 4 days**Cost to complete:** No cost**Comment:** The inspection should take place about 1 week after the application is submitted. The report will include description of the plot, service roads, setback details, power/water connections and adjoining land. The inspection takes 1 day, and a preparation of a report 3 days.**Procedure 4. Obtain "in principal" approval of the building plans and pick up payment orders****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** Following vetting of the building plans by a town planner, architect, structural engineer, "in principal" approval is issued to the applicant.**Procedure 5. Pay the fees at a designated bank****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 6. Obtain stamped and endorsed drawings****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** 2 copies of Conveyance of Building Plan Approval are issued and one is kept on records, and the other given away to the developer. Three copies of designs are signed and stamped (one for the Department Control Department's records, one to be displayed at the site, and third one for the developer's records).**Procedure 7. Request setting out approval and receive an inspection****Time to complete:** 2 days**Cost to complete:** NGN 10,000**Comment:** Submit an application for a setting out approval. If the construction is in line with the approved plans and space standards, an approval to proceed will be granted.**Procedure 8. Request and receive 1st floor inspection****Time to complete:** 2 days**Cost to complete:** NGN 15,000**Procedure 9. Request and receive 2nd floor inspection****Time to complete:** 2 days**Cost to complete:** NGN 15,000**Procedure 10. Request and receive completion inspection****Time to complete:** 2 days**Cost to complete:** NGN 500

Procedure 11. Obtain a certificate of fitness for habitation

Time to complete: 18 days
Cost to complete: No cost

Procedure 12*. Obtain a fixed telephone line

Time to complete: 21 days
Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation.

Procedure 13*. Apply for electricity connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 14*. Receive inspection by electrical provider

Time to complete: 1 day
Cost to complete: No cost

Procedure 15*. Obtain electricity connection

Time to complete: 5 days
Cost to complete: No cost

Procedure 16*. Apply for water connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 10,000

Procedure 17*. Receive inspection by water provider

Time to complete: 1 day
Cost to complete: No cost

Procedure 18*. Obtain water connection

Time to complete: 5 days
Cost to complete: No cost

Comment: Water connection is obtained from FCT Water Board.

DEALING WITH LICENSES

ANAMBRA

*Procedures to build a warehouse
 City: Onitsha
 Data as of: July 2007*

Procedure 1. Obtain town planner's technical report

Time to complete: 14 days
Cost to complete: NGN 30,000

Comment: The fees range between NGN 20,000 and NGN 40,000.

Procedure 2. Submit an application form to Anambra State Urban Development Board (ASUDB) and pick up a payment order

Time to complete: 1 day
Cost to complete: NGN 90,140 (NGN 500 for standard application form + NGN 100 for filing + NGN 5,000 for registration + NGN 68,250 for inspection + NGN 9,290 for planning rate + NGN 2,000 for approval fee + NGN 5,000 for Building Completion and Fitness for Habitation Certificate)

Comment: The application should include 4 sets of architectural, structural, mechanical and electrical drawings, survey plan of the land, tax clearance.

Procedure 3. Pay fees at a designated bank

Time to complete: 1 day
Cost to complete: No cost

Procedure 4*. Receive a pre-approval inspection

Time to complete: 1 day
Cost to complete: No cost

Comment: The purpose of the pre-approval inspection is to determine whether the plot is compatible with the plan.

Procedure 5*. Obtain a building permit

Time to complete: 1 month
Cost to complete: No cost

Comment: Building plans are approved within 30 days. If the builder has not heard back from the Anambra Urban Development Office, the silence is consent rule applies and he/she can commence construction. Upon approval, the developer receives a Work Progress Form, which is supposed to be fully completed by the engineer and government officials who will be inspecting the property.

Procedure 6. Request and receive a setting out inspection

Time to complete: 2 days
Cost to complete: No cost

Procedure 7. Receive 1st supervisory inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 8. Receive 2nd supervisory inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 9. Obtain building completion and fitness for habitation certificate

Time to complete: 21 days
Cost to complete: No cost

Procedure 10*. Obtain a fixed telephone line

Time to complete: 60 days
Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. NITEL connection is available and will be preferred in some areas of the city, where the GSM coverage is inadequate.

Procedure 11*. Apply for electricity connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,000. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 12*. Receive inspection by electrical provider

Time to complete: 1 day
Cost to complete: No cost

Procedure 13*. Obtain electricity connection

Time to complete: 90 days
Cost to complete: No cost

Procedure 14*. Dig borehole to obtain water

Time to complete: 7 days
Cost to complete: NGN 90,000

Comment: Water connections are only accessible in layouts (planned government developments). Most developments rely on boreholes.

* This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

BAUCHI

Procedures to build a warehouse

City: Bauchi

Data as of: July 2007

Procedure 1. Submit a written application for a building permit to Bauchi State Urban Development Board and pay the fees

Time to complete: 1 day

Cost to complete: NGN 260,120

Comment: The application must be accompanied by 4 sets of structural drawings (elevations, cross section, floor plan, site plan), a photocopy of Certificate of Occupancy, photocopy of tax clearance certificate.

The fees are calculated for commercial and industrial developments as NGN 200 per square meter. The fees are assessed and paid as soon as the application is submitted.

Procedure 2. Receive a pre-approval inspection of the land

Time to complete: 7 days

Cost to complete: No cost

Comment: 1 week after submitting the documents, the applicant comes back to BSDB to pick up a Town Planning Officer and transport him to the proposed location.

Procedure 3. Obtain a building permit

Time to complete: 19 days

Cost to complete: No cost

Comment: Following the inspection, a series of internal procedures begin. The application is forwarded from the Town Planning Officer to Area Planning Officer, who then submits it to the Manager. The approved permit will be signed by the Deputy Director of Town Planning and stamped by an architect. It takes between 1 week and 1 month to obtain a permit. The permit will be registered. The applicant obtains 2 copies of approved plans, while 2 others are kept on files of the agency. A copy of the approved plan must be kept on site by the developer to be available for routine inspections.

Procedure 4. Notify Bauchi State Urban Development Board about commencement of construction and receive a setting out inspection

Time to complete: 2 days

Cost to complete: No cost

Procedure 5. Receive a supervisory inspection (foundation)

Time to complete: 1 day

Cost to complete: No cost

Procedure 6* Obtain a fixed telephone line

Time to complete: 60 days

Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. NITEL connections are not easily available in Bauchi, instead people rely on GSM.

Procedure 7* Apply for electricity connection and pay the fees

Time to complete: 1 day

Cost to complete: NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 8* Receive inspection by electrical provider

Time to complete: 1 day

Cost to complete: No cost

Procedure 9* Obtain electricity connection

Time to complete: 45 days

Cost to complete: No cost

Procedure 10* Apply for water connection and pay the fees

Time to complete: 1 day

Cost to complete: NGN 7,350

Comment: In some areas of Bauchi state water connections are not available, and developers have to rely on boreholes.

Procedure 11* Receive inspection by water provider

Time to complete: 1 day

Cost to complete: No cost

Procedure 12* Obtain water connection

Time to complete: 2 days

Cost to complete: No cost

* Takes place simultaneously with another procedure.

DEALING WITH LICENSES

CROSS RIVER

Procedures to build a warehouse

City: Calabar

Data as of: July 2007

Procedure 1. Obtain a site analysis report

Time to complete: 4 days

Cost to complete: NGN 25,000

Comment: A site analysis report is prepared by a registered town planner. The fees range between NGN 10,000 and NGN 40,000.

Procedure 2. Submit a written application for a building permit to the Commissioner of Lands and Housing in Calabar and have the fees assessed

Time to complete: 1 day

Cost to complete: No cost

Comment: There is no standard application form. The application consists of a letter addressed to Commissioner, Ministry of Lands and Housing, and accompanied by 4 copies of the following drawings, bound in a spiral A3 size: architectural, structural, electrical and mechanical drawings, as well as certificate of occupancy, tax clearance for the past 3 years, feasibility study, and 3 copies of a site analysis report.

Procedure 3. Make a payment at a designated bank

Time to complete: 1 day

Cost to complete: NGN 60,000

Comment: The fees are calculated depending on the number of stories: 50,000 for the first storey and 10,000 for each additional storey.

Procedure 4*. Obtain approval of building plans

Time to complete: 45 days

Cost to complete: No cost

Comment: A series of internal procedures take place during the approval process. Upon receipt, the Commissioner's office forwards the application to the Permanent Secretary for Surveys and Town Planning, which is then passed on to the Director of Town Planning, and finally to Zonal Town Planning Officer for Calabar Municipality, who then designates a town planner who is in charge of the application. After inspection, a report is issued, which is then transmitted back to the Zonal Town Planning Officer, who forwards it to an architect. Finally the plan is stamped by an architect, Zonal and Town Planning Officer and Director of Town Planning, who will also sign and approve the plan.

Procedure 5*. Receive a joint site inspection

Time to complete: 1 day

Cost to complete: No cost

Comment: During the process of obtaining a building permit, the applicant receives a letter of invitation for a joint site inspection. The applicant picks up the designated officer to visit the building site, who then prepares a report.

Procedure 6. Receive 1st supervisory inspection**Time to complete:** 1 day**Cost to complete:** No cost**Comment:** The inspections are conducted on ad hoc basis and do not follow specific stages of the construction process**Procedure 7. Receive 2nd supervisory inspection****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 8. Receive 3rd supervisory inspection****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 9. Receive 4th supervisory inspection****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 10. Receive 5th supervisory inspection****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 11*. Obtain a fixed telephone line****Time to complete:** 7 days**Cost to complete:** NGN 4,725**Comment:** A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. It is also possible to obtain a wireless fixed line in 2-3 days.**Procedure 12*. Apply for electricity connection and pay the fees****Time to complete:** 1 day**Cost to complete:** NGN 31,500**Comment:** To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.**Procedure 13*. Receive inspection by electrical provider****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** This procedure runs simultaneously with the previous one**Procedure 14*. Obtain electrical power connection****Time to complete:** 30 days**Cost to complete:** No cost**Procedure 15*. Apply for water connection and pay the fees****Time to complete:** 1 day**Cost to complete:** NGN 2,000**Comment:** Water connection is obtained from Cross river State Water Board**Procedure 16*. Receive inspection by water provider****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 17*. Obtain water connection****Time to complete:** 21 days**Cost to complete:** No cost

*This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

ENUGU*Procedures to build a warehouse**City: Enugu**Data as of: July 2007***Procedure 1. Obtain site analysis report****Time to complete:** 7 days**Cost to complete:** NGN 50,000**Comment:** The site analysis report is prepared by a registered Town Planner for a fee of 50,000**Procedure 2. Obtain a building permit from Enugu North Town Planning Authority****Time to complete:** 67 days**Cost to complete:** No cost**Comment:** The application must be accompanied by 4 sets of architectural, structural, architectural, structural, mechanical and electrical drawings, survey plan of the land, proof of land ownership and site analysis report. Obtaining a building permit takes between 2 weeks and 4 months.**Procedure 3. Pay fees at a designated bank****Time to complete:** 1 day**Cost to complete:** NGN 104,698 (NGN 2,500 for registration fee + NGN 39,018 for inspection fee + NGN 20,000 for fencing + NGN 18,520 + NGN 8,500 for stages + 5,500 for Building Completion Certificate + NGN 10,000 for Ministry fee + NGN 100 + NGN 500 for Nigerian Institute of Town Planners Journal)**Procedure 4. Receive a site inspection****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** In practice, the inspection rarely happens.**Procedure 5. Request and receive a foundation inspection****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** In practice, the inspection rarely happens.**Procedure 6. Request and a receive column inspection****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** In practice, the inspection rarely happens.**Procedure 7. Request and receive a concrete inspection****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** In practice, the inspection rarely happens.**Procedure 8. Request and receive a steel works inspection****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** In practice, the inspection rarely happens.**Procedure 9. Obtain certificate of fitness for habitation****Time to complete:** 7 days**Cost to complete:** No cost**Procedure 10*. Obtain a fixed telephone line****Time to complete:** 60 days**Cost to complete:** NGN 4,725**Comment:** A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. It is very difficult to obtain a NITEL connection in Enugu, because most areas have run out of new lines. There are however private providers who can connect a fixed-wireless line. It would cost between NGN 20,000 and NGN 25,000 for a fax-enabled line.

Procedure 11*. Apply for electricity connection and pay the fees**Time to complete:** 1 day**Cost to complete:** NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and pay NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 12*. Receive inspection by electrical provider**Time to complete:** 1 day**Cost to complete:** No cost**Procedure 13*. Obtain electricity connection****Time to complete:** 90 days**Cost to complete:** No cost**Procedure 14*. Dig borehole to obtain water****Time to complete:** 7 days**Cost to complete:** NGN 90,000

Comment: The vast majority of developments do not have water connection, and instead they rely on public water supply or wells. Even where the water is connected, in most areas there has not been water in pipes for several years.

* This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

KADUNA

Procedures to build a warehouse

City: Kaduna

Data as of: July 2007

Procedure 1*. Submit a written application for a building permit to Kaduna State Urban Planning & Development Authority (KASUPDA) and pay the fees**Time to complete:** 25 days**Cost to complete:** NGN 50,810 (NGN 20,810 for building permit (NGN 12-20 per square meter) + NGN 30,000 for fencing)

Comment: The application consists of a letter and 3 copies of the following architectural, structural, electrical, and mechanical drawings, as well as certificate of occupancy, tax clearance, feasibility study and site analysis report. A series of internal procedures take place during the approval process. KASUPDA Director, architect, structural engineer review the application. A written report is made indicating suitability of the land for the project. It is necessary to frequently follow up with the authorities to ensure that the application is processed expeditiously.

Procedure 2*. Obtain a site analysis report**Time to complete:** 3 days**Cost to complete:** NGN 5,000

Comment: After an application is filed, KASUPDA designates a town planner responsible for preparing site analysis report. The town planner inspects the site of construction and prepares a report. It takes 1 day to inspect the property and 2 days to prepare a report.

Procedure 3*. Receive a site inspection from KASUPDA**Time to complete:** 1 day**Cost to complete:** No cost

Comment: Before issuance of permit, KASUPDA conducts an additional inspection to confirm the findings from the site analysis report.

Procedure 4. Pick up approval of building plans from KASUPDA**Time to complete:** 1 day**Cost to complete:** No cost**Procedure 5. Receive a supervisory inspection****Time to complete:** 1 day**Cost to complete:** No cost

Comment: The construction site may be visited by KASUPDA inspectors to ensure that the building plans are adhered to. The inspection is not related to specific stages of the construction process, but rather random.

Procedure 6*. Obtain a fixed telephone line**Time to complete:** 14 days**Cost to complete:** No cost

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation.

Procedure 7*. Apply for electricity connection and pay the fees**Time to complete:** 1 day**Cost to complete:** NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 40,000. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 8*. Receive inspection by electrical provider**Time to complete:** 1 day**Cost to complete:** No cost

Comment: This procedure runs simultaneously with the previous one

Procedure 9*. Obtain electrical power connection**Time to complete:** 30 days**Cost to complete:** No cost**Procedure 10*. Apply for water connection and pay the fees****Time to complete:** 1 day**Cost to complete:** 24,000**Procedure 11*. Receive inspection by water provider****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 12*. Obtain water connection****Time to complete:** 1 day**Cost to complete:** No cost

DEALING WITH LICENSES

KANO

Procedures to build a warehouse

City: Kano

Data as of: July 2007

Procedure 1. Submit a written application for a building permit to Kano Urban Planning and Development Authority (KNUPDA) and pay assessed fees**Time to complete:** 1 day**Cost to complete:** NGN 130,000

Comment: There is no standard application form. The application consists of a letter and 3 copies of architectural, structural, electrical and mechanical drawings, as well as priced bill of quantities and conditions of contract from a quantity surveyor, construction program, project quantity management plan, and project health and safety plan, and all risk insurance. The fees for building permits in a peri-urban area are calculated as N 100 per square meter. The fees are assessed at the time of submission and can be paid in the same building that day. A photocopy of the receipt is then attached to the application.

Procedure 2*. Receive a joint site inspection**Time to complete:** 1 day**Cost to complete:** No cost

Comment: During the process of obtaining a building permit, the applicant receives a letter of invitation for a joint site inspection, during which an architect representing KNUPDA and the building owner have to be present.

Procedure 3*. Obtain approval of building plans**Time to complete:** 30 days**Cost to complete:** No cost

Comment: A series of internal procedures take place during the approval process. KASUPDA Director, architect, structural engineer review the application. A written report is made indicating suitability of the land for the project.

When approval is granted, the drawings are stamped and send by the Director of KANUPDA to company, along with a letter confirming that the authorities are satisfied with the project and the construction may commence.

Procedure 4. Notify KNUPDA about commencement of construction and receive setting out inspection**Time to complete:** 2 days**Cost to complete:** No cost**Procedure 5. Notify KNUPDA and receive 1st supervisory inspection (foundation)****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 6. Notify KNUPDA and receive 2nd supervisory inspection (1st floor)****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 7. Notify KNUPDA and receive 3rd supervisory inspection (roofing)****Time to complete:** 2 days**Cost to complete:** No cost**Procedure 8*. Obtain a fixed telephone line****Time to complete:** 7 days**Cost to complete:** No cost

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation.

Procedure 9*. Apply for electricity connection and pay the fees**Time to complete:** 1 day**Cost to complete:** NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 10*. Receive inspection by electrical provider**Time to complete:** 1 day**Cost to complete:** No cost

Comment: This procedure runs simultaneously with the previous one

Procedure 11*. Obtain electrical power connection**Time to complete:** 30 days**Cost to complete:** No cost**Procedure 12*. Apply for water connection and pay the fees****Time to complete:** 1 day**Cost to complete:** NGN 24,000**Procedure 13*. Receive inspection by water provider****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 14*. Obtain water connection****Time to complete:** 30 days**Cost to complete:** No cost

*This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

LAGOS*Procedures to build a warehouse**City: Lagos**Data as of: June 2007***Procedure 1. Obtain an environmental impact assessment report****Time to complete:** 7 days**Cost to complete:** NGN 35,000

Comment: It usually takes 4 days for the Town Planner to issue the Environmental Impact Assessment Report. The fee varies between NGN 20,000 and NGN 50,000.

Procedure 2. Obtain a development permit from the District Office**Time to complete:** 42 days**Cost to complete:** NGN 494,216

Comment: The development permit authorizes construction and is valid for 2 years. Several documents are required to obtain this permit, including all the documents, clearances, and approvals required or obtained in the previous procedures. Legally, a pre-approval inspection is required. Other inspections include one by the Environmental Protection Agency, and another structural inspection carried out by the Local Planning Authority during construction. In practice however, none of these inspections usually takes place.

Procedure 3. Pay the development levy to the Local Planning Authority**Time to complete:** 1 day**Cost to complete:** NGN 49,422

Comment: The Local Planning Authority (LPA) charges a contribution levy (10% of the building permit cost) for the preparation and production of development plans, such as local, district, subject, and action plans; development guides; office maintenance; procurement and maintenance of vehicles; office equipment; and similar issues.

Procedure 4. Pay the spatial enhancement contribution to the Lagos State Urban and Regional Planning Board in bank draft**Time to complete:** 1 day**Cost to complete:** NGN 95,000**Procedure 5. Obtain a certificate of structural stability of foundation from an accredited construction testing company****Time to complete:** 2 days**Cost to complete:** NGN 5,000**Procedure 6. Obtain a certificate of structural stability (first pouring of concrete)****Time to complete:** 2 days**Cost to complete:** NGN 5,000**Procedure 7. Obtain a certificate of structural stability (second pouring of concrete)****Time to complete:** 2 days**Cost to complete:** NGN 5,000**Procedure 8. Obtain a certificate of structural stability (third pouring of concrete)****Time to complete:** 2 days**Cost to complete:** NGN 5,000**Procedure 9. Receive an inspection during construction by the State Government Task Force reporting to the Commissioners for Land and Urban Development****Time to complete:** 1 day**Cost to complete:** No cost**Procedure 10. Receive an inspection during construction by the Local Monitoring Team reporting to the District Office****Time to complete:** 1 day**Cost to complete:** No cost

Procedure 11. Receive an inspection during construction by the Zonal Monitoring Team

Time to complete: 1 day
Cost to complete: No cost

Procedure 12. Request and receive an inspection by the Fire Department

Time to complete: 1 day
Cost to complete: No cost

Comment: This certificate is to be obtained at the local planning authority before the building can be used. It is within the discretion of the authority to conduct an on-site inspection before issuing the certificate. However, such an inspection, normally about 45 minutes, is very rarely performed.

Procedure 13. Obtain a certificate of completion and fitness for habitation

Time to complete: 14 days
Cost to complete: No cost

Procedure 14*. Obtain a fixed telephone line

Time to complete: 180 days
Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. The estimated completion time is 180 days for a cable terrestrial line. It would be possible to obtain a wireless line in 2-3 days.

Procedure 15*. Apply for electricity connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 40,000

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 40,000. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 16*. Receive an inspection by the electrical power provider

Time to complete: 1 day
Cost to complete: No cost

Procedure 17*. Obtain electricity connection

Time to complete: 270 days
Cost to complete: No cost

Procedure 18*. Dig a borehole to obtain water

Time to complete: 7 days
Cost to complete: NGN 90,000

Comment: Water connections are not available, instead people usually rely on private boreholes.

* This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

OGUN

Procedures to build a warehouse

City: Abeokuta

Data as of: July 2007

Procedure 1*. Obtain a survey plan of the plot from Surveyor General

Time to complete: 7 days
Cost to complete: NGN 60,000

Comment: The survey is conducted by a licensed surveyor who then submits the results to the Surveyor General, Ministry of Lands, for charting. The purpose of charting is to ensure that the land in question is not located on government acquisition land.

Procedure 2*. Obtain an environmental impact assessment

Time to complete: 25 days
Cost to complete: NGN 50,000

Procedure 3*. Obtain a land use clearance

Time to complete: 14 days
Cost to complete: NGN 50,000-70,000

Comment: Based on environmental impact assessment, and after an inspection, the Bureau of Lands and Surveys issues a land use clearance.

Procedure 4*. Swear deposition on the application form before the Commissioner for Oaths

Time to complete: 1 day
Cost to complete: NGN 100

Procedure 5. Submit a letter of application to Zonal Office of Ogun State Urban and Regional Town Planning Board (URPB)

Time to complete: 1 day
Cost to complete: No cost

Comment: There are 16 Zonal Town Planning Authorities across the state. The application form is downloadable from the website. The application should also include: 5 sets of architectural, structural, sewage, electrical, and mechanical drawings, as well as survey plan, environmental impact report and a land use clearance.

Procedure 6. Pay fees at a designated bank

Time to complete: 1 day
Cost to complete: NGN 224,709 (NGN 5,000 for registration + NGN 195,090 (NGN 50 per cubic meter for building permit + N 4,645 (NGN 5 per square meter of the plot for fencing) + NGN 19,974 (10% of building permit and fencing fees) for administration)

Procedure 7*. Receive a pre-approval inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 8*. Obtain approval of building plans

Time to complete: 28 days
Cost to complete: No cost
Comment: There is a 4-week time limit for processing of most permits (excluding large structures, which may take up to 3 months). The approval is valid for 2 years.

Procedure 9. Request and receive a foundation inspection

Time to complete: 2 days
Cost to complete: No cost

Comment: After completion of foundation, the developer notifies the Town Planning Authority and receives an inspection. The inspector comes typically within 2 days after notification. After inspection, the project receives an approval to put on a roof.

Procedure 10. Request and receive a roofing inspection

Time to complete: 2 days
Cost to complete: No cost

Comment: After completion of roof, the developer notifies the Town Planning Authority and receives an inspection. The inspector comes typically within 2 days after notification. After inspection, the project receives an approval to finish.

Procedure 11. Receive a random site inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 12. Receive a random site inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 13. Receive a random site inspection

Time to complete: 1 day
Cost to complete: No cost

Procedure 14. Notify and receive a final inspection

Time to complete: 2 days
Cost to complete: No cost

Procedure 15*. Obtain a fixed telephone line

Time to complete: 14 days
Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. Most areas in Abeokuta are not covered by NITEL connections, and people rely on GSM or fixed-wireless connections.

Procedure 16*. Apply for electricity connection

Time to complete: 1 day
Cost to complete: NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 17*. Receive inspection by electrical provider

Time to complete: 1 day
Cost to complete: No cost

Procedure 18*. Obtain electricity connection

Time to complete: 14 days
Cost to complete: No cost

Procedure 19*. Apply for water connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 8,500 (NGN 500 for application form + NGN 2,000 for inspection + NGN 6,000 for connection)

Comment: Many areas in Abeokuta do not have regular water connections and instead people rely on boreholes.

Procedure 20*. Receive inspection by water provider

Time to complete: 1 days
Cost to complete: No cost

Procedure 21*. Obtain water connection

Time to complete: 2 days
Cost to complete: No cost

* This procedure takes place simultaneously with another procedure.

DEALING WITH LICENSES

SOKOTO

Procedures to build a warehouse

City: Sokoto

Data as of: July 2007

Procedure 1. Submit an application for a building permit to Sokoto Urban and Regional Planning Board (SURPB) and pay the assessed fees

Time to complete: 1 day
Cost to complete: NGN 20,000

Comment: The application is in a form of a letter and should consist of 4 sets of architectural, mechanical, structural and electrical drawings, as well as evidence of ownership in the form of statutory or customary right of occupancy. The official fee for obtaining a building permit have not been reviewed in a several years and amount to N20,000 per unit. The fees are paid directly to the Finance Department of SURPB.

Procedure 2. Receive a pre-approval joint site inspection plot

Time to complete: 1 day
Cost to complete: No cost

Comment: The purpose of the inspection is to determine suitability of the site for development. The inspection can be conducted shortly after submission of the application, if the applicant provides transportation for the inspector. This inspection often does not take place in practice.

Procedure 3. Obtain a building permit

Time to complete: 21 days
Cost to complete: No cost

Comment: The building permit will be obtained on average in 3 weeks, however, the applicant will have to actively follow up with the authorities on the status of the application.

Procedure 4. Request and receive a setting out inspection

Time to complete: 2 days
Cost to complete: No cost

Comment: This application often does not take place in practice.

Procedure 5. Request and receive a first floor inspection

Time to complete: 2 days
Cost to complete: No cost

Procedure 6. Request and receive a roofing inspection

Time to complete: 2 days
Cost to complete: No cost

Procedure 7*. Obtain a fixed telephone line

Time to complete: 4 days
Cost to complete: NGN 4,725

Comment: A fixed phone line is obtained from Nigerian Telecommunications Limited (NITEL). The application for corporate bodies must include: NITEL form; application on the company's letter headed paper; and certificate of incorporation. Obtaining a fixed phone telephone connection used to take months, now in areas where the service is available, a connection can be obtained within 4 days. In practice, people rely on GSM and do not obtain a NITEL connection.

Procedure 8*. Apply for electricity connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 31,500

Comment: To obtain an electricity connection, the company needs to file the appropriate forms at the branch offices of the Power Holding Company of Nigeria, PHCN (previously NEPA), and make a payment of NGN 31,500. The PHCN will then install an electric power meter at the premises. The premises are then connected to the power network.

Procedure 9*. Receive inspection by electrical provider

Time to complete: 1 week
Cost to complete: No cost

Procedure 10*. Obtain electricity connection

Time to complete: 2 weeks
Cost to complete: No cost

Procedure 11*. Apply for water connection and pay the fees

Time to complete: 1 day
Cost to complete: NGN 70,000

Comment: The applicants fills out Water Connection Form, and pays fees directly to Sokoto Water Board. In the areas of town designated for commercial developments water connections can be obtained easily. The fees depend on the distance to the main and diameter of the pipe.

Procedure 12*. Receive inspection by water provider

Time to complete: 2 days
Cost to complete: No cost

Procedure 13*. Obtain water connection

Time to complete: 3 days
Cost to complete: No cost

* This procedure takes place simultaneously with another procedure.

LIST OF PROCEDURES

Registering property**ABIA**

Property value: USD 32,000 = NGN 4,076,512

City: Aba

Data as of: July 2007

Procedure 1. Conduct search on property title at the Land Registry, Ministry of Lands, Survey and Urban Development

Time to complete: 2 days

Cost to complete: NGN 358,195 (NGN 1500 for search at Land Registry + NGN 356,695 (8.75% of property value) for legal fees)

Comment: Application letter to conduct search must be accompanied by the title document, and date of registration. The official Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] prescribes legal fees as: NGN 7,500-10,000 + 7.5% of values above NGN 20,000 if acting for the buyer (5% of values above NGN 20,000 if acting for the seller). In practice, in Abia state, the fees charged by lawyers are slightly higher than those prescribed, and range between 7.5-10% of property value. These fees include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Execute deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee sign the deed of assignment.

Procedure 3. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office.

Procedure 4. Pay the stamp duty to a designated bank

Time to complete: 5 days

Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes some days for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 5. Stamping of the deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 6. Submit the deed of assignment for assessment of capital gains tax

Time to complete: 4 days

Cost to complete: No cost

Comment: The assessment is conducted by the Federal Board of Inland Revenue. Capital gains tax is computed as 10% of current capital value of property less original acquisition price of land, and is usually borne by assignee.

Procedure 7. Submit an application for Governor's consent to the assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State,

whose prior consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. The application is in a form of a letter addressed to the Director of Lands, Ministry of Survey and Urban Planning. In Abia, the authority to grant consent has not been delegated and the Governor himself approves the applications. The application can be submitted either directly to the Umuahia headquarters of the Ministry of Survey and Urban Planning, or Aba Zonal Office, from where the application is forwarded to Umuahia. The application should be accompanied by:

- Photocopy of the certificate of occupancy or title document,
- Current tax clearance certificate,
- Stamped deed of assignment,
- Evidence of payment of capital gains tax,
- Photographs of the assignee.

Procedure 8. Receive an inspection of property and obtain a valuation report

Time to complete: 18 days

Cost to complete: NGN 41,765 (NGN 1,000 for administrative fee + 1% of property value for inspection fee)

Comment: Property valuation is conducted by Valuation Unit of the Zonal Lands Department. The purpose of valuation is to determine market value of the property. The inspection and preparation of a valuation report takes between 2-3 weeks.

Procedure 9. Obtain property valuation and pick up payment orders

Time to complete: 30 days

Cost to complete: No cost

Comment: The valuation of property and payment orders are picked up at Ministry of Lands headquarters in Umuahia.

Procedure 10. Pay fees at a designated bank

Time to complete: 1 day

Cost to complete: NGN 25,000 (NGN 3,500 for administration fee + NGN 10,000 for consent fee + NGN 1,000 computer fee + NGN 10,500 revalidation fee)

Comment: The assignee or the lawyer must go to a designated bank to pay prescribed fees.

Procedure 11. Submit payment receipts and obtain Governor's consent

Time to complete: 151 days (1 day for submission + 4-6 months for obtaining Governor's consent)

Cost to complete: No cost

Procedure 12. Registration of certificate of occupancy or deed and title conferred

Time to complete: 14 days

Cost to complete: No cost

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

REGISTERING PROPERTY

ABUJA, FCT

Property value: USD 32,000 = NGN 4,076,512

City: Abuja

Data as of: July 2007

Procedure 1. Pay search fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 10,000 for companies (NGN 5,000 for individuals)

Procedure 2. Conduct search on property files at Abuja Geographic Information System (AGIS)

Time to complete: 1 day

Cost to complete: NGN 163,060 (4% of property value)

Comment: Lawyer representing the parties fills out and submits a letter, which states the purpose of the search. The search can be performed by someone else, granted that they have a permission of the property owner. The search request has to be accompanied by the proof of payment, photocopy of the title document. The land officer conducts the search, but the file itself is not available for the lawyer

to review. The official Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] prescribes legal fees as: NGN 7,500-10,000 + 7.5% of values above NGN 20,000 if acting for the buyer (5% of values above NGN 20,000 if acting for the seller), but in practice, due to high competition amongst lawyers, the fees charged are typically lower than those prescribed, and range between 3-5% of property value. These fees include all the steps required until the new title is registered under the buyer's name.

Procedure 3. Execute deed of assignment/conveyance

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and Assignee sign four copies of the deed of assignment. Only the assignor is required to sign the application for consent.

Procedure 4*. Submit application for Minister's consent to the assignment

Time to complete: 22 days (1 day for submission + 21 days for obtaining Minister's consent)

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Abuja, FCT the ownership of land is vested in the President of the Republic, and the authority to grant consent for land property transfers has been delegated to the Minister for Federal Capital Territory of Abuja. The documentation shall include:

- Application letter,
- Copy of the deed of which consent is sought,
- Settlement of outstanding ground rates,
- Tax clearance certificate,

Letter of clearance of the title holder and board's resolution in case of a corporate body, board resolution and of memorandum and articles of association.

Procedure 5*. Conduct an inspection of property and prepare a valuation report

Time to complete: 4 days

Cost to complete: No cost

Comment: A valuation officer from AGIS inspects the property and prepares a valuation report. The purpose of valuation is to determine market value of the property, based on which registration and stamp duty fees will be assessed.

Procedure 6. Pick up the letter of conditional consent and demand notices for fee payments

Time to complete: 1 day

Cost to complete: No cost

Comment: About 10 days after the valuation report is compiled, the Minister grants consent. The letter of consent will specify the assessed value of the property and will indicate all the fees to be paid. The letter allows the applicant 4 months for payment of the fees and registration.

Procedure 7. Pay fees at a designated bank

Time to complete: 10 days

Cost to complete: NGN 203,433 (NGN 10,000 for consent fee + NGN 10,000 for processing fee + NGN 61,148 (1.5% of property value) for registration fee + NGN 122,295 (3% of property value) for stamp duty)

Comment: The assignee or the lawyer must go to a designated bank to pay prescribed fees.

Procedure 8. Submit a bank teller to AGIS and receive a payment receipt

Time to complete: 1 day

Cost to complete: No cost

Procedure 9. Obtain an official letter from the Minister conveying the final consent of the Minister

Time to complete: 20 days

Cost to complete: No cost

Comment: After the payment receipts are submitted, AGIS submits the deed of assignment for stamping, after which the title is conferred and the stamped documents are released to the applicant.

Procedure 10. Registration of certificate of occupancy or deed and title conferred

Time to complete: 3 days

Cost to complete: No cost

Comment: The assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

* This procedure is simultaneous with another procedure.

REGISTERING PROPERTY

ANAMBRA

Property value: USD 32,000 = NGN 4,076,512

City: Onitsha

Data as of: July 2007

Procedure 1. Pay search fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 5,000

Procedure 2. Conduct a search of property title at the Office of Lands, Survey and Urban Planning

Time to complete: 1 day

Cost to complete: NGN 312,998 (legal fees are calculated as follows: NGN 7,500-10,000 + 7.5% of value of property above NGN 20,000 if acting for the buyer or 5% of values above NGN 20,000 if acting for the seller)

Comment: Legal fees are charged based on the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991]. This is a sliding scale based on slices of the consideration involved, and averages out at about 7.5% of the consideration. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 3. Execute deed of assignment/conveyance

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee complete and sign the deed of assignment.

Procedure 4. Submit a letter addressed to the Permanent Secretary of the Office of Lands, Surveys and Urban Planning requesting a consent for transfer of lease

Time to complete: 1 day

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Anambra, the consent has not been delegated and the Governor himself signs all the applications. The application should be accompanied by a photocopy of the tile, and proof of payment of ground rates. The application should be accompanied by:

- Photocopy of the tile,
- Five copies of the deed of assignment,
- Certificate of company's incorporation,
- Company's tax returns,
- Personal income tax returns of the directors of the company,
- Proof of payment of ground rates.

Procedure 5. Receive an inspection of property and obtain a valuation report

Time to complete: 14 days

Cost to complete: No cost

Comment: The purpose of valuation is to determine market value of the property. The inspection and preparation of a valuation report takes about 2 weeks.

Procedure 6. Pick up a demand notice for payment of the fees

Time to complete: 1 day

Cost to complete: No cost

Procedure 7. Pay fees at a designated bank**Time to complete:** 1 day**Cost to complete:** NGN 183,060 (NGN 81,530 (2% of property value for consent) + NGN 81,530 (2% for valuation) + NGN 5,000 for inspection + NGN 5,000 for registration + NGN 10,000 for computer fee)**Comment:** The assignee or the lawyer must go to a designated bank to pay prescribed fees.**Procedure 8. Submit receipts of payment of the fees to the Land Registry and obtain Governor's consent to the assignment****Time to complete:** 181 days (1 day for submission + 180 days to obtain Governor's consent)**Cost to complete:** No cost**Procedure 9. Submit the deed of assignment for assessment at the Stamp Duty Office****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office (agency of Federal Inland Revenue Services). The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, and the applicant picks up the demand notice for payment at the same time.**Procedure 10. Pay the stamp duty to a designated bank****Time to complete:** 3 days**Cost to complete:** NGN 122,295 (3% of property value)**Comment:** The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes some days for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for transfers between companies are 3%.**Procedure 11. Stamping of the deed of assignment at the Stamp Duty Office****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 12. Registration of certificate of occupancy or deed and title conferred**Time to complete:** 7 days**Cost to complete:** No cost**Comment:** After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

REGISTERING PROPERTY

BAUCHI

Property value: USD 32,000 = NGN 4,076,512

City: Bauchi

Data as of: July 2007

Procedure 1. Conduct a search of property title at the Ministry of Lands Housing and Surveys**Time to complete:** 3 days**Cost to complete:** NGN 204,826 (NGN 1,000 for search fee + NGN 203,826 (5% of property value) for legal fees)**Comment:** A lawyer representing assignee submits a letter requesting a search of property title.

The Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] prescribes the following fees for property conveyancing: NGN 7,500-10,000 + 7.5% of values above NGN 20,000 if acting for the buyer (5% of values above NGN 20,000 if acting for the seller). In practice, in Bauchi, legal fees are negotiated between the parties, and average around 5% of property value, when acting for the buyer. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Execute deed of assignment/conveyance and consent form**Time to complete:** 1 day**Cost to complete:** No cost**Comment:** Assignor and assignee complete and sign the consent for and deed of assignment.**Procedure 3. Submit an application for the consent for property transfer and pay the processing fee****Time to complete:** 1 day**Cost to complete:** NGN 1,000**Comment:** By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Bauchi, the authority to grant consent has been delegated to the Commissioner, Ministry of Lands and Survey. The application should be accompanied by:

- A photocopy of the title documents;
- Proof of payment of ground rates.

Procedure 4. Receive a valuation inspection**Time to complete:** 18 days**Cost to complete:** No cost**Comment:** An inspection of the property is conducted to ensure that the improvements to the land have been done according to the specifications made by the Ministry of Lands.**Procedure 5. Obtain letter of consent from the Governor****Time to complete:** 60 days**Cost to complete:** No cost**Comment:** The applicant receives a letter of consent allowing him/her 4 months for payment of the fees and registration**Procedure 6. Submit the deed of assignment for assessment at the Stamp Duty Office, Federal Inland Revenue****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office (agency of Federal Inland Revenue Services). The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, and the applicant picks up the demand notice for payment at the same time.

In January 2007 a Stamp Duty Office was established in Bauchi, greatly facilitating this procedure. Previously, applicants had to travel to Kaduna or Abuja to carry out stamping.

Procedure 7. Pay the stamp duty to a designated bank**Time to complete:** 1 day**Cost to complete:** NGN 122,295 (3% of property value)**Comment:** The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. Ad valorem stamp duties for transfers of property between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.**Procedure 8. Stamping of the deed of assignment at the Stamp Duty Office****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 9. Pay registration fee at the Lands Registry or a designated bank

Time to complete: 1 day

Cost to complete: NGN 122,295 (3% of property value)

Comment: The assignee or the lawyer must go to a designated bank to pay prescribed fee.

Procedure 10. Registration of certificate of occupancy or deed and title conferred

Time to complete: 2 days

Cost to complete: No cost

Comment: After paying the registration fee, and stamping the deed of assignment, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

REGISTERING PROPERTY

CROSS RIVER

Property value: USD 32,000 = NGN 4,076,512

City: Calabar

Data as of: July 2007

Procedure 1. Conduct search on property files at Lands Registry, Ministry of Lands and Housing

Time to complete: 1 day

Cost to complete: NGN 408,651 (NGN 1,000 for search at the Lands Registry + NGN 407,651 (10% of property value) for legal fees)

Comment: In Cross River, only lawyers accredited by the Lands Registry are allowed to conduct title searches and property registrations. According to the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] the legal fee should be 7.5% of property value, if lawyer acts on behalf of the buyer, and 5% on behalf of the seller. However, in Calabar, the minimum standard fixed fee is 10% of property value, whether acting on behalf of the seller of buyer, value notwithstanding. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Submit an application letter to the Director of Lands

Time to complete: 1 day

Cost to complete: No cost

Comment: The assignee/assignor's lawyer submits a letter to the Director of Lands, indicating that a transaction is about to take place between the assignee and assignor in respect to a plot located within the state. The letter includes the names of assignor and assignee, location of the property, purchase price and request an assessment of due fees.

Procedure 3. Execute deed of assignment/conveyance

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee complete and sign 4 copies of the deed of assignment.

Procedure 4. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service

Time to complete: 1 day

Cost to complete: No cost

Comment: Deeds presented by assignee's lawyer for assessment of property value to determine stamp duties to the Stamp Duties Office. There is no Stamp Duty Office in Cross River state as of yet, so lawyers travel to Port Harcourt to conduct stamping. The following procedures (5 and 6) are also conducted there. Typically a lawyer representing assignee would stay in Port Harcourt for a few days until the stamping is completed.

Procedure 5. Pay the stamp duty to a designated bank

Time to complete: 5 days

Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes a few days for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for transfers of property between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 6. Stamping of the deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 7. Assessment of the deed of assignment at the Lands Registry

Time to complete: 7 days

Cost to complete: No cost

Comment: Deeds presented by assignee's lawyer for assessment of property value to determine consent fees and capital gains tax at the Land Registry. Typically, the fees are based on the amount indicated in the sales agreement. In some cases, the property may also be inspected during the assessment, which would extend the time to 2-3 weeks.

Procedure 8. Pick up demand notices for payment of fees

Time to complete: 1 day

Cost to complete: No cost

Procedure 9. Pay assessed fees at a designated bank

Time to complete: 2 days

Cost to complete: NGN 429,034 (NGN 1,000 for application fee + NGN 61,148 (1.5% of consideration) for consent fee + NGN 366,886 (10% of consideration, minus some deductions, i.e. legal fees) for capital gains tax)

Comment: Payment is by bank draft payable to any of the designated receiving banks. It takes a couple of days for the Land Registry to receive the confirmation of payment.

Procedure 10. Submit the receipt of payment of fees

Time to complete: 1 day

Cost to complete: No cost

Comment: The receipts obtained in Procedure 9, together with the paying-in slip to the designated bank, are to be submitted to the cashier at the Lands Registry who issues another receipt.

Procedure 11. Submit an application and obtain Governor's consent for property transfer

Time to complete: 39 days (1 day for submission + 1-1.5 months to obtain Governor's consent)

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Cross River, the issuance of consent has been delegated to the Commissioner for Lands, which has sped up the process.

The documentation shall include:

- Four copies of the deed of which consent is sought should be attached;
- Evidence of payment for consent fee, stamp duty, and capital gains tax;
- Evidence of payment of land use charge.

Procedure 12. Registration of certificate of occupancy or deed and title conferred

Time to complete: 3 days

Cost to complete: NGN 1,000

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry. The receipt and paying in slips evidencing payment are given to the cashier at the Lands Registry, who in turn issues a receipt. With proof of payment, a lands officer is assigned to enter the certificate of occupancy/deed into the Land Registry records.

REGISTERING PROPERTY

ENUGU

Property value: USD 32,000 = NGN 4,076,512

City: Enugu

Data as of: July 2007

Procedure 1. Pay search fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 500

Procedure 2. Conduct a search of property title at the Lands Registry, Ministry of Lands and Housing, Enugu

Time to complete: 1 day

Cost to complete: NGN 312,988 (legal fees are calculated as follows: NGN 7,500-10,000 + 7.5% of value of property above NGN 20,000 if acting for the buyer or 5% of values above NGN 20,000 if acting for the seller)

Comment: The request for search shall include: name of property owner, location of property, purpose of the search, property file number. Legal fees are charged based on the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991]. This is a sliding scale based on slices of the consideration involved, and averages out at about 7.5% of the consideration. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 3. Execute deed of assignment/conveyance

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee sign deed of assignment.

Procedure 4. Submit an application for the consent for property transfer

Time to complete: 1 day

Cost to complete: No cost

Comment: The application is in a form of a letter, to which the deed of assignment is attached. The letter is addressed to the Commissioner for Lands and Housing.

Procedure 5. Receive a valuation inspection

Time to complete: 7 days

Cost to complete: No cost

Comment: A valuation officer from the Ministry of Lands inspects the property and prepares a valuation report. The purpose of valuation is to determine market value of the property, based on which the consent fee will be assessed.

Procedure 6. Pick up a demand order for payment of fees

Time to complete: 1 day

Cost to complete: No cost

Procedure 7. Pay fees at designated banks

Time to complete: 1 day

Cost to complete: NGN 50,765 (NGN 4,000 for registration + 1,000 for inspection + 2,000 for computer levy + 3,000 for equipment fee + NGN 40,765 (1% of property value) for consent fee)

Comment: There is a bank designated for payment of each fee.

Procedure 8. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office. The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, so the demand notice for payment can be picked up at the same time.

Procedure 9. Payment of stamp duty fees at a bank

Time to complete: 2 days

Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes a few days for the Stamp Duty Office to receive the confirmation of payment.

Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 10. Stamping of the deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 11. Submit receipts of payment of fees and obtain Governor's consent to the assignment

Time to complete: 61 days (1 day for submission + 60 days to obtain Governor's consent)

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Enugu, the authority to grant consents has been delegated to the Commissioner for Lands and Housing.

Procedure 12. Registration of certificate of occupancy or deed and title conferred

Time to complete: 25 days

Cost to complete: No cost

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

REGISTERING PROPERTY

KADUNA

Property value: USD 32,000 = NGN 4,076,512

City: Kaduna

Data as of: July 2007

Procedure 1. Conduct search on property files at Lands Registry at the Ministry of Lands, Surveys and Country Planning (MLSCP)

Time to complete: 2 days

Cost to complete: NGN 317,488 (NGN 5,000 for search at Land Registry + legal fees as follows: NGN 7,500-10,000 + 7.5% of value of property above NGN 20,000 if acting for the buyer or 5% of values above NGN 20,000 if acting for the seller)

Comment: Lawyer representing the parties fills out and submits a letter, which states the purpose of the search, the name of owner and certificate of occupancy number. A lawyer is required to perform the registration of property. Legal fees are charged based on the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991]. This is a sliding scale based on slices of the consideration involved, and averages out at about 7.5% of the consideration. In Kaduna, lawyers typically follow the official schedule of the fees. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Obtain application for consent form (Land Form 6)

Time to complete: 1 day

Cost to complete: NGN 3,500

Comment: Obtainable from the Account Section of the Lands Services Department. Form Land 6 is the application form to request later the Governor's consent to the transaction (required by Nigerian law). The fees for the form vary depending on the location of property: NGN 3,500 in light industrial areas and NGN 5,000 in heavy industrial areas.

Procedure 3. Execute deed of assignment/conveyance and Land Form 6

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee sign four copies of the deed of assignment. Only the assignor is required to sign the application for consent (Land Form 6).

Procedure 4. Submit deed of assignment to Lands Registry for valuation

Time to complete: 1 day
Cost to complete: No cost

Procedure 5. Receive an inspection of property and obtain a valuation report

Time to complete: 32 days
Cost to complete: No cost

Comment: There is no standard method of accessing property value in Kaduna. Upon submission of the application for consent, the Valuation Section of the Lands Registry inspects and values the property to determine its value. The valuation invariably involves an inspection of the property. Upon completion of inspection, a valuation report is issued, based on which registration fee is assessed. Waiting time for an inspection is about 1 month and preparation of the valuation report takes 2 days.

Procedure 6. Pick up demand notices for payment of fees

Time to complete: 1 day
Cost to complete: No cost

Procedure 7. Pay assessed fees at a designated bank

Time to complete: 1 day
Cost to complete: NGN 122,295 (3% of property value for registration)

Comment: The assignee or the lawyer must go to a designated bank to pay all prescribed fees.

Procedure 8. Assessment of the deed of assignment at the Stamp Duty Office

Time to complete: 1 day
Cost to complete: No cost

Comment: The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, so one picks up the demand notice for payment at the same time.

Procedure 9. Payment of stamp duty fees at a designated bank

Time to complete: 2 days
Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. Ad valorem stamp duties for transfers between companies are 3%, subject to adjudication by Commissioner for Stamp Duties. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 10. Stamping of the deed of assignment

Time to complete: 1 day
Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 11. Submit application for Governor's consent to the assignment

Time to complete: 77 days (1 day for submission + 2-3 months for obtaining consent)
Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. The documentation shall include:

- Completed application form
- 3 copy of the Deed of which Consent is sought should be attached
- Current tax clearance for both the assignor and assignee
- Evidence of payment of ground rates
- Passport photographs of proposed assignee
- Copy of business certificate and of memorandum and articles of association.

Procedure 12. Registration of certificate of occupancy or deed and title conferred

Time to complete: 10 days
Cost to complete: No cost

Comment: After obtaining a consent, assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry. With proof of payment, a lands officer is assigned to enter the certificate of occupancy/deed into the Land Registry records.

REGISTERING PROPERTY

KANO

Property value: USD 32,000 = NGN 4,076,512

City: Kano

Data as of: July2007

Procedure 1. Conduct search on property files at Lands Registry at the Ministry of Lands & Physical Planning

Time to complete: 7 days
Cost to complete: NGN 154,869 (NGN 2,000 for search at Lands Registry + NGN 152,869 (3.75% of property value) for legal fees)

Comment: The lawyer representing the parties fills out and submits a letter, which states the purpose of the search. Legal fees are charged based on the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991]. This is a sliding scale based on slices of the consideration involved, and averages out at about 7.5% of the consideration. In practice, due to competition amongst lawyers, the fees charged for property assignment in Kano are lower than those prescribed and amount to approximately 3.75% of property value. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Obtain application for consent form

Time to complete: 1 day
Cost to complete: NGN 300

Comment: Obtainable from the Account Section of the Lands Services Department. The application form to request later the Governor's Consent to the transaction (required by Nigerian law).

Procedure 3. Execute deed of assignment/conveyance and consent form

Time to complete: 1 day
Cost to complete: No cost

Comment: Assignor and Assignee sign four (4) copies of the deed of assignment. Only the Assignor is required to sign the application for consent.

Procedure 4. Submit application for Governor's consent to the assignment

Time to complete: 20 days (1 day for submission + 19 days for the consent to be granted)
Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Kano, the authority to grant the consent has been delegated by the Governor to the Commissioner for Lands.

The documentation shall include:

- Completed application form;
- Copy of the deed of which consent is sought should be attached;
- Settlement of outstanding ground rates;
- Letter of clearance of the title holder and board's resolution in case of a corporate body;
- Three years tax clearance certificates of the assignor and assignee;
- Registration particulars and articles of association of the company.

The time to obtain Governor's consent ranges between 1 week and 1 month.

Procedure 5*. Receive an inspection of property and prepare a valuation report**Time to complete:** 3 days**Cost to complete:** NGN 3,000

Comment: There is no standard method of accessing property value in Kano. The valuation includes a physical inspection of the property to assess its market value. Upon completion of valuation, a valuation report is issued, based on which registration fees are assessed. The inspection takes 1 day and preparation of valuation report takes 2 days.

Procedure 6. Pick up the conditional consent and demand notices for payment of fees**Time to complete:** 1 day**Cost to complete:** No cost

Comment: The applicant received a letter of consent, which is conditional on payment of the prescribed fees. The registration must be conducted within 4 months since the consent has been granted.

Procedure 7. Pay assessed fees at a designated bank**Time to complete:** 1 day**Cost to complete:** NGN 203,826 (5% of property value for registration)

Comment: The assignee or the lawyer must go to a designated bank to pay all prescribed fees.

Procedure 8. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service**Time to complete:** 1 day**Cost to complete:** No cost

Comment: The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office. The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, so basically this is a formality and one picks up the demand notice for payment at the same time.

Procedure 9. Pay stamp duty at a designated bank**Time to complete:** 3 days**Cost to complete:** NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes some days (between 5-7 days) for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 10. Stamping of the deed of assignment**Time to complete:** 1 day**Cost to complete:** No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 11. Submit the receipt of payment of registration fee to the Lands Registry**Time to complete:** 1 day**Cost to complete:** No cost

Comment: Payment slip from designated bank is submitted for issuance of a receipt by Accounts Department.

Procedure 12. Registration of certificate of occupancy or deed and title conferred**Time to complete:** 1 day**Cost to complete:** No cost

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry. The receipt and paying in slips evidencing payment are given to the cashier at the Lands Registry, who in turn issues a receipt. With proof of payment, a lands officer is assigned to enter the certificate of occupancy/deed into the Land Registry records.

*This procedure takes place simultaneously with another procedure.

REGISTERING PROPERTY

LAGOS

Property value: USD 32,000 = NGN 4,076,512

City: Lagos

Data as of: June 2007

Procedure 1. Conduct search on property files at Lands Registry**Time to complete:** 1 day

Cost to complete: NGN 315,488 (NGN 2,500 for search at Land Registry + legal fees as follows: NGN 7,500-10,000 + 7.5% of value of property above NGN 20,000 if acting for the buyer or 5% of values above NGN 20,000 if acting for the seller)

Comment: The application letter to conduct search is accompanied by sworn declaration of the status of the party and purpose of search. A lawyer is required to perform the registration of property.

Legal fees are charged based on the Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991]. This is a sliding scale based the consideration involved, and averages out at about 7.5% of the consideration. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Obtain application Land Form 1C**Time to complete:** 1 day

Cost to complete: NGN 1,600 (NGN 1,500 for Form 1C + NGN 100 for economic development levy)

Comment: Land Form 1C is obtainable from the consent section of Lands Services Department.

Form 1C is the application form to request later the Governor's consent to the transaction (required by Nigerian law). Can be paid either at a designated branch or to the bank's officer at the Lands Department.

Procedure 3. Execution of deed of assignment/conveyance and Land Form 1C**Time to complete:** 1 day**Cost to complete:** No cost

Comment: Assignor and assignee complete and sign Land Form 1C and five copies of the deed of assignment.

Procedure 4. Assessment of the deed of assignment**Time to complete:** 1 day**Cost to complete:** No cost

Comment: The deeds presented by assignee's lawyer for assessment of property value to determine registration fees, consent fees at the Land Registry or Stamp Duties Office (agency of Federal Inland Revenue Services). There is a standard schedule of property values in Lagos, which was recently made available to the public.

Procedure 5. Obtain certified true copy (CTC) of title document**Time to complete:** 2 days**Cost to complete:** NGN 3,750

Comment: Assignor/assignee issues letter of authority to Director of Land Services of the Lands Registry, authorizing lawyer to apply for and obtain CTC of title document.

Required for Governor's consent. This can also be done simultaneously with procedure 1.

Procedure 6. Obtain a copy of the building plan**Time to complete:** 1 day**Cost to complete:** No cost

Comment: Parties obtain a copy of the building plan, as approved by the Town Planning Authority.

Required for Governor's consent.

Procedure 7. Submit an application for Governor's consent to the assignment**Time to complete:** 1 day**Cost to complete:** No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In August 2005, the Governor's consent procedure in

Lagos underwent major reform, with the aim that consent should be granted within 30 days following submission of a duly completed application. Incomplete applications are not accepted. New procedures and documentation requirements have been widely published.

The documentation shall include:

- Covering letter with address and telephone numbers,
- Completed form 1C,
- Certified true copy (CTC) of title document of assignor,
- Current tax clearance certificates of the assignor and assignee,
- For limited liability companies, the Internal Revenue certificate of PAYE for its staff and current tax clearance certificate for the directors,
- Four (4) copies of the deed of which consent is sought should be attached,
- Copy of the building plan, as approved by the Town Planning Authority,
- Evidence of payment for charting fee, endorsement fee, form 1C (admin fees), consent fee, stamp duty, registration fee,
- Evidence of payment of land use charge,
- Where the property is covered by a state leasehold or certificate of occupancy, evidence of payment of ground rent, up to date.

Procedure 8. Payment of the charting fee, administrative fee, endorsement fee, consent fee and registration fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 460, 416 (NGN 7,500 for charting fee + NGN 3,000 for administrative fee + 8% for consent fee + NGN 1,500 for endorsement fee + 3% of property value for registration fee)

Comment: A charting fee of NGN 7,500 and administrative fees of NGN 3,000 are to be paid to any of the designated banks. A receipt is issued, together with the paying-in slip to the designated bank. A bank draft made payable to Lagos State Government for an amount equal to 8% of the transfer the consideration as deposit for consent fee. In Lagos State consent fees are assessed at 8% of the value of the property, as determined by the State Government. If land directly allocated to the seller by the government is resold within 10 years of its initial allocation, then a penalty consent fee of 15% of the value is charged (supposedly to deter land speculators). This procedure is required for Governor's consent.

Procedure 9. Submit the receipt of payment of charting fee, administrative fee, endorsement fee and consent fee to the Lands Registry

Time to complete: 1 day

Cost to complete: No cost

Comment: The receipts obtained, together with the paying-in slip to the designated bank, are to be submitted to the cashier at the Lands Registry who issues another receipt.

Procedure 10. Submit the receipts of the charting fee, endorsement fee, and economic development levy to the office of the Director for Land Services

Time to complete: 61 days (1 day for submission + 60 days to obtain Governor's consent)

Cost to complete: No cost

Comment: The receipts obtained previously are to be submitted to the office of the Director for Land Services. The Land Services department then continues with several internal procedures to finalize Governor's consent. The practice is for the assignee's lawyer to follow up on the application for consent with a view to ensuring that it receives the required attention.

The file is forwarded for charting either to:

- The surveyor attached to the Lands Department if the property is "State Land"; or
- To the Surveyor-General's office if the property is on "private" land.

The objective of "charting" is to ascertain that the survey plan attached to the title document is the correct one. After Charting the file is sent back to the Director of Land Services who then sends it to a Land Officer to verify that all the documents are in order. Approval and endorsement of documents are done by the Honourable Attorney-General and Commissioner for Justice.

Procedure 11. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office. The Stamp Duty Office typically uses the figure as indicated by the Lands in their assessment, so basically this is a formality and one picks up the demand notice for payment at the same time.

Procedure 12. Pay the stamp duty to a designated bank

Time to complete: 6 days

Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes some days (between 5-7 days) for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 13. Stamping of the deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 14. Registration of certificate of occupancy or deed and title conferred

Time to complete: 3 days

Cost to complete: No cost

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry. The receipt and paying in slips evidencing payment are given to the cashier at the Lands Registry, who in turn issues a receipt. With proof of payment, a lands officer is assigned to enter the certificate of occupancy/deed into the Land Registry records.

REGISTERING PROPERTY

OGUN

Property value: USD 32,000 = NGN 4,076,512

City: Abeokuta

Data as of: July 2007

Procedure 1. Pay search fee at a designated bank

Time to complete: 1 day

Cost to complete: NGN 2,000

Procedure 2*. Conduct a search of the property title at Ogun State Bureau Lands and Survey

Time to complete: 2 days

Cost to complete: NGN 203,826 (5% of property value)

Comment: The application letter to conduct search is accompanied by sworn declaration of the status of the party and purpose of search. A lawyer is required to perform the registration of property.

The Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] prescribes the following fees for property conveyancing: NGN 7,500-10,000 + 7.5% of values above NGN 20,000 if acting for the buyer (5% of values above NGN 20,000 if acting for the seller). In practice, in Ogun, legal fees are negotiated between the parties, and average around 5% of property value. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 3*. Obtain consent form

Time to complete: 1 day

Cost to complete: NGN 5,000

Comment:

Procedure 4*. Obtain a certified true copy (CTC) of the title document**Time to complete:** 1 day**Cost to complete:** NGN 2,500**Comment:** Assignor/Assignee issues Letter of Authority to Director of Land Services of the Lands Registry, authorizing Lawyer to apply for and obtain CTC of title document. Required for Governor's Consent. The charge is NGN 500 per page.**Procedure 5*. Obtain a copy of the building plan****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** Obtain a copy of the building plan, as approved by the Town Planning Authority. Required for Governor's consent where the land is developed.**Procedure 6*. Execute deed of assignment/conveyance and consent form****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** Assignor and assignee complete and sign consent form and six copies of the deed of assignment.**Procedure 7*. Pay advanced fees at a designated bank****Time to complete:** 1 day**Cost to complete:** NGN 431,651 (NGN 2,000 for administrative charge + NGN 2,000 for charting fee + NGN 20,000 for development levy for the last 4 years (NGN 5,000 per year for a corporate body) + NGN 407,651 (10% of the value of consideration) as deposit for consent)**Comment:** The actual consent fee is 8%, but the applicant pays initially 10% of consideration as a deposit fee for consent, as it is assumed that the value of property provided in the deed of assignment is lower than the market value of the property.**Procedure 8. Submit an application for Governor's consent****Time to complete:** 1 day**Cost to complete:** No cost**Comment:** By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Ogun state the authority to grant consents has been delegated by the Governor to the Attorney General and Commissioner for Justice.

The documentation shall include:

- Application form;
- Certified true copy of title document;
- Government receipt of up-to-date payment of ground rents;
- Government receipt for the payment of current tenement rate if land is developed;
- Tax clearance certificates of the assignor from past 3 years;
- Tax clearance certificates of the assignee from the past 3 years;
- Ogun State government development levy receipts for 4 years;
- Six copies of deed of assignment
- For companies, evidence of remittance of current PAYE of its staff to Ogun State.

Procedure 9. Receive a valuation inspection of the property**Time to complete:** 21 days**Cost to complete:** No cost**Comment:** After the advanced fees have been paid, an office from the Land Registry will be assigned to conduct a physical inspection of the property, based on which the land, based on which a valuation report is prepared.**Procedure 10. Obtain the valuation report and final payment orders****Time to complete:** 10 days**Cost to complete:** No cost**Comment:** The value of property established through the valuation is compared to the amount of consideration provided in the deed of assignment, and the balance between the 10% of the value of consideration and deposit for consent (paid in procedure 7), and 8% of the value as assessed during the valuation must be paid (typically, the value assessed by the Lands and Survey Bureau is much higher than the value provided by applicants in the deed of assignment).**Procedure 11. Pay the balance fees at a designated bank****Time to complete:** 1 day**Cost to complete:** Varies, determined as per valuation**Comment:** The assignee or the lawyer must go to a designated bank to pay the balance of the fees.**Procedure 12. Assessment of the deed of assignment at the Stamp Duty Office, Federal Inland Revenue Service****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for assessment of stamp duties at Stamp Duty Office. There is no Stamp Duty Office in Ogun state as of yet, so lawyers travel Lagos to conduct stamping, adding time. The following procedures (13 and 14) are also conducted in Lagos.**Procedure 13. Pay the stamp duty to a designated bank****Time to complete:** 6 days**Cost to complete:** NGN 122,295 (3% of property value)**Comment:** The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. It takes some days for the Stamp Duty Office to receive the confirmation of payment. Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.**Procedure 14. Stamping of the deed of assignment****Time to complete:** 2 days**Cost to complete:** No cost**Comment:** The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 15. Assessment of capital gains tax**Time to complete:** 4 days**Cost to complete:** No cost**Comment:** The assessment is made by the Federal Board of Inland Revenue. In practice, the capital gains tax is often calculated as 9% of the value of consideration.**Procedure 16. Submit payment slips at the Lands Registry and obtain certificate of confirmation of payment by the Revenue Desk****Time to complete:** 14 days**Cost to complete:** No cost**Comment:** Payment slips for all the fees are submitted to the Lands Registry for verification. It takes about 2 weeks for the payments to be cleared.**Procedure 17. Obtain Governor's consent to the assignment****Time to complete:** 90 days**Cost to complete:** No cost**Comment:** After all payments have been cleared, the Bureau of Lands and Survey sends the files to the Office of the Attorney General and Commissioner for Justice, where the consent is prepared and signed, and then forwarded back to the Bureau of Lands and Survey.**Procedure 18. Pay registration fee at a designated bank****Time to complete:** 1 day**Cost to complete:** NGN 5,000**Procedure 19. Registration of certificate of occupancy or deed of assignment and title conferred****Time to complete:** 14 days**Cost to complete:** No cost**Comment:** After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

* This procedure is simultaneous with another procedure.

REGISTERING PROPERTY

SOKOTO

Property value: USD 32,000 = NGN 4,076,512

City: Sokoto

Data as of: July 2007

Procedure 1. Conduct a search of property title at the Ministry of Lands Housing and Surveys

Time to complete: 2 days

Cost to complete: NGN 204,326 (NGN 500 for search fee + NGN 203,826 (5% of property value) for lawyer's fees)

Comment: The Scale of Fees for Conveyancing Matters [Legal Practitioners (Remuneration for Legal Documentation and Other Land Matters) Order 1991] prescribes the following fees for property conveyancing: NGN 7,500-10,000 + 7.5% of values above NGN 20,000 if acting for the buyer (5% of values above NGN 20,000 if acting for the seller). In practice, in Sokoto, legal fees are negotiated between the parties, and average around 5% of property value. The fees will include all the steps required until the new title is registered under the buyer's name.

Procedure 2. Execute deed of assignment/conveyance and consent form

Time to complete: 1 day

Cost to complete: No cost

Comment: Assignor and assignee complete and sign deed of assignment.

Procedure 3. Submit application for Governor's consent to the assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: By virtue of the Land Use Act, promulgated in 1978, all land comprised in territory of each State in the Federation became vested in the Governor of that State, whose prior Consent is mandatory for the legal validity of any transfers or alienation of interest in landed property. In Sokoto, the consent has not been delegated and the Governor himself signs all the applications. The application should be accompanied by:

- Photocopy of the title document
- Proof of payment of ground rates.

Procedure 4. Receive a valuation inspection

Time to complete: 14 days

Cost to complete: No cost

Comment: An inspection of the property is conducted to value the property and ensure that the improvements to the land have been done according to the specifications made by the Ministry of Lands.

Procedure 5. Pay consent fee to a designated bank

Time to complete: 1 day

Cost to complete: NGN 81,530 (2% of property value)

Procedure 6. Submit a proof of payment and lodge the application for consent

Time to complete: 1 day

Cost to complete: No cost

Procedure 7. Obtain letter of consent from the Governor

Time to complete: 75 days

Cost to complete: No cost

Comment: The applicant receives a letter of consent allowing 30 days for payment of the fees and registration.

Procedure 8. Submit the deed of assignment for assessment at the Stamp Duty Office of the Federal Inland Revenue

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

In January 2007 a Stamp Duty Office was established in Sokoto, greatly facilitating this procedure. Previously, applicants had to travel to Kaduna or Abuja to carry out stamping.

Procedure 9. Pay the stamp duty to a designated bank

Time to complete: 2 days

Cost to complete: NGN 122,295 (3% of property value)

Comment: The agent or the lawyer must go to a designated bank to pay the stamp duties. Payment is by bank draft payable to any of the designated receiving banks. Ad valorem stamp duties for property assignment between companies are 3%. The rates are set by Joint Tax Board, Harmonization of Stamp Duty Rates and Items, as published on 1st July 2002.

Procedure 10. Stamping of the deed of assignment

Time to complete: 1 day

Cost to complete: No cost

Comment: The deed is presented by assignee's lawyer for stamping at Stamp Duties Office. Stamping takes place only after Stamp Duty Office receives confirmation of receipt of payment.

The documentation shall include receipts confirming payment of stamp duty.

Procedure 11. Pay registration fee at the Lands Registry or a designated bank

Time to complete: 1 day

Cost to complete: NGN 203,826 (5% of property value)

Procedure 12. Registration of certificate of occupancy or deed and title conferred

Time to complete: 2 days

Cost to complete: No cost

Comment: After paying the registration fee, the assignee's lawyer then follows up for the certificate of occupancy or deed to be filed to the Lands Registry.

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