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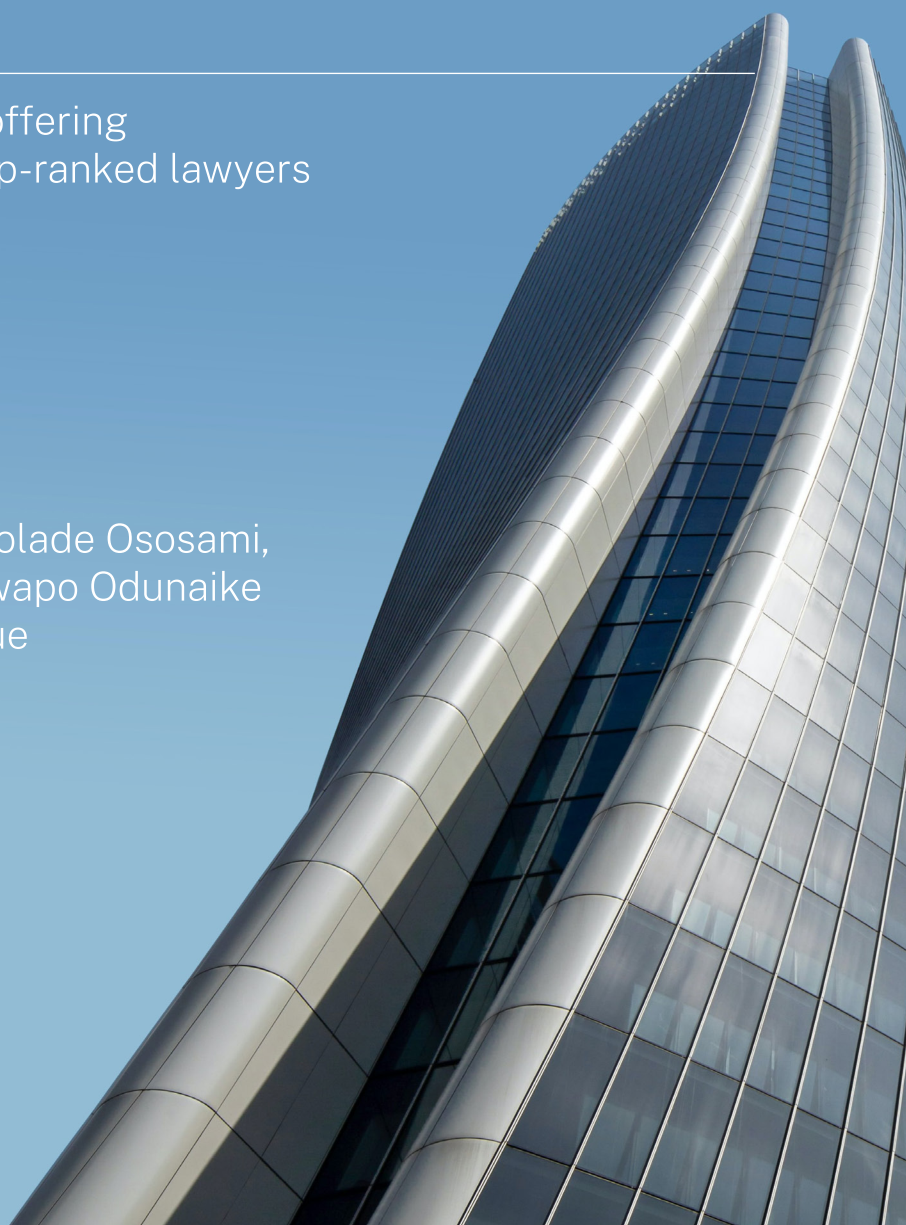

Nigeria: Law and Practice and Trends & Developments

Ozofu 'Latunde Ogiemudia, Lolade Ososami, Christine Sijuwade, Aanuoluwapo Odunaike and Tolulope Ijeoma Egbochue

Udo Udoma & Belo-Osagie

NIGERIA

Law and Practice

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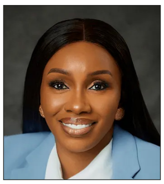
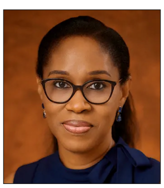
Udo Udoma & Belo-Osagie (UUBO) is a leading full-service commercial law firm headquartered in Nigeria, with offices in Nigeria's key commercial centres. With over 43 years' experience advising multinational corporations, financial institutions, private equity sponsors, development finance institutions and Nigerian businesses, UUBO's expertise is recognised across mergers and acquisitions, capital markets, banking and finance, private equity, competition law, tax, energy and infrastructure, and dispute resolution. Widely recognised as one of Nigeria's "magic triangle" firms, UUBO has a particularly strong reputation in public M&A transactions, including takeovers, mergers, restructurings and regulatory-heavy transactions, and routinely advises on matters involving the Nigerian Securities and Exchange Commission, the Federal Competition and Consumer Protection Commission, and the Nigerian Exchange Limited. Leveraging strategic local, pan-African and international alliances, the firm combines deep knowledge of the Nigerian legal, business and regulatory environment with commercially focused, practical advice for local and international clients.

Authors

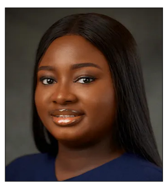


Ozofu 'Latunde Ogiemudia is the deputy managing partner of UUBO, and a partner in the firm's corporate advisory, private equity, M&A, competition, employment, private wealth management and pro bono teams. Ozofu is the chairperson of the Nigerian Bar Association Section on Business Law and the Central Organising Committee of the Nigerian Economic Summit Group (NESG). She was the chairperson of the Technical Advisory Committee to the 8th Nigerian Senate on the drafting of the Companies and Allied Matters Act 2020, and the thematic lead of the National Assembly Business Environment Roundtable Regulatory working group.



Lolade Ososami is a partner at UUBO and heads the firm's taxation and mining teams. She specialises in the legal and regulatory framework for international investment in Nigeria and advises on a wide range of domestic and cross-border commercial transactions across multiple sectors. Her practice focuses on the tax aspects of complex transactions, including transfer pricing, exchange of information obligations, tax regimes for the extractive industry, and renewable energy projects, including biofuels. Lolade is a fellow of the Chartered Institute of Taxation of Nigeria and has previously chaired the Taxation Committee of the Nigerian Bar Association Section on Business Law.

Christine Sijuwade is a partner in UUBO's corporate advisory, M&A and private equity teams. Prior to rejoining the firm, Christine was the group general counsel and chief operating officer at Tangerine Africa, a financial services group with businesses in the pensions and life, general and health insurance sectors. She is a member of the Advisory Board of the Legal Business Unit of BusinessDay and the Council of the Nigerian Bar Association Section on Business Law. She is also registered as a sponsored individual with the Nigerian Securities & Exchange Commission.



Aanuoluwapo Odunaike is a senior associate in UUBO's private equity, M&A, real estate and construction, and corporate and commercial teams. With over six years of commercial practice, she has garnered extensive expertise advising on complex commercial transactions, structuring deals, facilitating seamless negotiations and ensuring regulatory compliance. Highly regarded in her field, Aanuoluwapo has been recognised in legal directories.

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1. Legal System and Regulatory Framework

1.1 Legal System

The Legal System in Nigeria

Nigeria's legal system is a combination of English common law, customary law from traditional principles, and Sharia law in certain northern states. English common law is more dominant in commercial and business sectors, supported by federal and state statutes, creating a familiar jurisdiction for the international community.

Legal and Regulatory Framework

The Constitution of the Federal Republic of Nigeria 1999 (as amended) is the grundnorm, establishing a federal republic with a three-tier governmental structure comprising federal, state and local governments. This federal structure has significant implications for businesses, which must navigate a multi-layered system in which certain matters fall under federal jurisdiction, such as company incorporation and foreign investment, while others are governed at the state level, including localised matters like land use and ownership, which support a market-oriented economy. All laws and regulatory actions are subject to the Constitution, as any law or regulation inconsistent with it is void.

Nigeria's business legal framework centres on several key statutes. The Companies and Allied Matters Act 2020 (as amended) (CAMA), administered by the Corporate Affairs Commission (CAC), regulates company formation, governance, operations and dissolution, including provisions for small companies, electronic filing and limited liability partnerships.

Complementary legislation includes:

- the Investments and Securities Act 2025 (ISA), administered by the Securities and Exchange Commission (SEC), governing the capital markets;
- the Banks and Other Financial Institutions Act 2020, administered by the Central Bank of Nigeria (CBN), overseeing banks and financial institutions;
- the Federal Competition and Consumer Protection Act 2018 (FCCPA), enforcing competition law and consumer rights;
- the Nigerian Investment Promotion Commission Act 1995 (the "NIPC Act"), promoting foreign investment through incentives; and
- sector-specific legislation, such as the Petroleum Industry Act 2021, which governs particular industries.

Other sector regulators include:

- the Nigerian Communications Commission for telecommunications;
- the National Agency for Food and Drug Administration and Control for products;
- the Nigerian Upstream and Downstream Petroleum Regulatory Commission for oil and gas; and
- the Nigeria Revenue Service (NRS), which oversees tax-related matters.

Broader compliance extends to:

- the National Environmental Standards and Regulations Enforcement Agency, which enforces environmental standards.
- the Ministry of Labour, which handles labour regulations; and
- the Economic and Financial Crimes Commission, leading anti-corruption efforts.

Judicial Structure

Nigeria's independent judiciary is hierarchical, spanning federal and state levels. The Supreme Court handles final appeals on constitutional and major commercial disputes, whilst the Court of Appeal reviews civil and criminal cases.

The Federal High Court handles federal matters such as company law, intellectual property, aviation and maritime issues, while the State High Courts handle local disputes involving contracts, land and torts. Specialised courts include:

- the National Industrial Court for labour matters; and
- the Investment and Securities Tribunal for market-related issues.

Alternative dispute resolution (ADR) is promoted through the Arbitration and Mediation Act 2023, with various private institutions and state governments providing access to ADR mechanisms through arbitration or mediation centres and multi-door courthouses.

1.2 Regulatory Framework for FDI

Sections 17 and 18 of the NIPC Act expressly permit non-Nigerians to invest in and participate in any enterprise in Nigeria, whether wholly owned or in a joint venture with Nigerian investors, except in sectors expressly prohibited. Section 20 of the NIPC Act requires every enterprise with foreign participation to register with the NIPC before commencing business.

Notwithstanding Nigeria's generally liberal stance, the NIPC Act establishes a narrow "negative list" under Section 31. Investment, whether foreign or domestic, is prohibited in the production of arms and ammunition, narcotic drugs and psychotropic substances, military and paramilitary wear, and such other items as may be determined by the Federal Executive Council on national security grounds.

In parallel, the CAMA governs the corporate structure through which foreign investors operate. Section 78 (1) of CAMA stipulates that a foreign company must incorporate a Nigerian subsidiary before conducting business in Nigeria, subject to limited exemptions (such as government-approved projects or treaty-based arrangements) granted by the minister of industry, trade and investment.

Foreign investors may also utilise Limited Liability Partnerships (LLPs) under the CAMA in the cases of investment and fund vehicles, joint ventures and commercial enterprises. LLPs are "pass-through vehicles" meaning that income flows directly to partners, avoiding corporate tax. It is taxed only in each partner's hands under the Nigeria Tax Act 2025 at graduated rates of 0%–25%, thereby reducing overall tax exposure.

Additionally, LLPs provide separate legal personality and limited liability protection while offering greater flexibility in internal management and profit-sharing arrangements. Accordingly, incorporation with the CAC is a foundational requirement for most FDI into Nigeria unless such FDI is being invested in already existing local companies.

For repatriation of proceeds further to any investments, a Certificate of Capital Importation (CCI) is required for foreign investors seeking to access the Nigerian official foreign exchange market to remit dividends, interest or capital. CCIs are issued by authorised dealers, which are banks licensed by the CBN to deal in foreign exchange, and are required to be issued within 24 hours of the foreign investment being brought into Nigeria and converted into naira.

Companies with foreign participation are also required to obtain a business permit from the Federal Ministry of Interior (FMI) before commencing business and have a paid-up share capital of NGN100 million at the time of incorporation.

Where the FDI takes the form of a merger that meets the criteria under the FCCPA, approval from the Federal Competition and Consumer Protection Commission (FCCPC) may be required. Please see **3.2 Regulation of Domestic M&A Transactions** for more information about this requirement.

2. Recent Developments and Market Trends

2.1 Current Economic, Political and Business Climate

In 2025, Nigeria's economic environment was shaped by the continuation of macroeconomic reforms initiated in 2023 and 2024, including fuel subsidy removal and foreign exchange market liberalisation. These reforms remained in force throughout 2025 and were recognised by multilateral institutions, including the IMF, as improving fiscal transparency and exchange rate price discovery, notwithstanding persistent inflationary pressure and cost-of-living concerns.

Politically, Nigeria operated under a stable federal administration, with no constitutional or electoral disruptions during the year, providing a baseline of political continuity relevant to inbound investment decisions. The statutory framework governing foreign investment in Nigeria remained unchanged in 2025. Foreign investors continued to operate under the CAMA, the NIPC Act, and sector-specific legislation such as the Petroleum Industry Act 2021, Nigerian Communications Act 2023, and the Banking and Other Financial Institutions Act 2020. No primary legislation altering foreign ownership thresholds, investment approval requirements or capital repatriation rights were enacted during the year.

Regulatory enforcement affecting foreign-owned enterprises arose primarily within sector-specific contexts rather than through FDI-specific regulation. In 2025, the Federal Competition and Consumer Protection Tribunal upheld a USD220 million fine against Meta Platforms Inc. and WhatsApp LLC for consumer protection and data privacy violations. The FCCPC also initiated litigation against MultiChoice Nigeria Limited for non-compliance with regulatory pricing directives, and the Federal High Court affirmed the FCCPC's jurisdiction over competition matters within the telecommunications sector in proceedings involving MTN Nigeria.

As of the end of 2025, Nigeria had not enacted legislation introducing new restrictions or incentives expressly targeted at inbound FDI. However, this did not reflect a complete absence of legislative changes relevant for foreign investors. The ISA and Nigeria Tax Act 2025 were enacted during the year and, although not framed as FDI-specific instruments, they materially affect the operating, compliance and structuring environment for foreign investors by reshaping capital markets regulation, as well as disclosure and investor protection standards. They also reform the tax framework applicable to multinational groups, including controlled foreign company rules, minimum effective taxation and revised free zone treatment.

Accordingly, while the core statutory regime governing foreign ownership, entry and capital repatriation remained substantively unchanged in 2025, the near-term outlook for inbound FDI is characterised by regulatory continuity at the entry level, coupled with heightened compliance and structural considerations arising from these broader legislative reforms as they take effect in 2026. The approach of Nigeria's 2027 general elections is also expected to influence FDI inflows in the near term and during the election year. Election cycles in Nigeria often introduce political and policy uncertainty, prompting foreign investors to adopt a cautious approach, particularly when considering long-term capital commitments. In the period leading up to the elections, major investment decisions are likely to be deferred pending clarity on policy continuity, regulatory direction and overall stability of the business environment. This cautious sentiment may persist from this year through the election year, especially in highly regulated and capital-intensive sectors, with FDI expected to recover once political uncertainty subsides.

3. Mergers and Acquisitions

3.1 Transaction Structures

The most common structures used in M&A transactions in Nigeria are share acquisitions, asset acquisitions, mergers, takeovers, buyouts and schemes of arrangement. While private companies typically utilise structures such as the share purchase, asset purchase and, occasionally, mergers and schemes of arrangement, public companies in Nigeria commonly structure their deals as schemes of arrangement, takeovers, mergers or buyouts. The choice of transaction structure for a foreign investor looking to invest in Nigeria will primarily be influenced by regulatory approvals, tax, repatriation and other risk considerations. In terms of the required regulatory approvals, for example, the approval of the SEC is required for schemes of arrangement, takeovers, mergers, and other forms of business combinations of public companies and other SEC-regulated entities.

Foreign investments in Nigerian companies typically require registration with the NIPC. In addition, transactions in regulated sectors may require approvals from the relevant sector regulators, while transactions that meet the applicable merger thresholds are subject to notification to and approval from the FCCPC. Foreign investors also consider repatriation of capital and returns, and transactions are commonly structured to ensure the investor obtains a CCI for its investment, in order to facilitate the repatriation of dividends and exit proceeds. Tax efficiency is another key factor, with attention paid to capital gains tax, stamp duties and withholding tax implications, particularly when comparing share and asset acquisitions and the presence of a double taxation treaty between Nigeria and the investor's country of incorporation.

3.2 Regulation of Domestic M&A Transactions

Domestic M&A transactions in Nigeria are subject to a number of additional regulatory reviews and approvals, depending on the nature of the target and the transaction structure. Most notably, transactions that meet the prescribed thresholds under the FCCPA are subject to mandatory merger notification and approval by the FCCPC, regardless of the structure. There are two key tests that must be met before a transaction (including a share acquisition) requires the approval of the FCCPC. These tests are as follows:

- the transaction must result in a direct or indirect change of control of the whole or part of the business of an undertaking ("control test"); and
- the relevant thresholds for a large merger must be met ("turnover test").

The turnover test is met if either:

- the combined turnover of the parties to the transaction is up to or exceeds NGN1 billion; or
- the turnover of the target is up to or exceeds NGN500 million.

Under Section 96 (5) of the FCCPA, failure to comply with this requirement will render the transaction void. Certain regulated sectors, such as banking and insurance, also have similar change-of-control thresholds, which require either notification to the relevant regulator or the regulator's prior no-objection when the prescribed thresholds are met. Additionally, where the target is a public company, additional approvals and oversight from the SEC are required. These include SEC approval of schemes of arrangement, takeovers, mergers and other forms of business combinations. Section 3 (2)(p) of the ISA provides that the SEC shall, as part of its functions and powers, review, approve and regulate mergers, acquisitions, takeovers, and all forms of business combinations and affected transactions of public companies.

The amendment to the SEC's Rules on Mergers, Take-Overs and Acquisitions (Review for Fairness of Mergers, Take-Overs and Acquisitions) issued in August 2021, requires public companies to notify the SEC prior to the disposal of a controlling stake or the material assets of a public company. For this purpose, a "material asset" is defined as any asset representing 15% or more of the total assets of the public company. A disclosure to the Nigerian Exchange Limited (NGX) by the sellers or the issuer of shares, notifying the NGX of a change in ownership exceeding the 5% threshold, further to an acquisition of shares, is also required for publicly listed companies. Accordingly, multiple approvals may apply to an FDI concurrently depending on the transaction size, sector and structure.

4. Corporate Governance and Disclosure/Reporting

4.1 Corporate Governance Framework

Overview of Corporate Governance Framework

Corporate governance in Nigeria is primarily regulated by statute, supported by sector-specific regulation and governance codes. The principal legislation is the CAMA, which sets out the core framework for company formation, board structure, directors' duties, shareholder rights, disclosure obligations and corporate reporting, among other things. The CAMA is administered by the CAC, which oversees incorporation, filings and beneficial ownership disclosures. In addition, the Nigerian Code of Corporate Governance 2018 (NCCG) issued by the Financial Reporting Council of Nigeria (FRCN) establishes governance standards for public companies and certain regulated private companies, including expectations around board composition, independence, risk management, internal controls and stakeholder engagement.

Public companies and regulated entities are also subject to oversight by sector regulators such as the SEC, the CBN and other industry-specific regulators, some of which have issued codes of corporate governance such as the Revised Guidelines on Corporate Governance for Licensed Pension Fund Operators 2025, Corporate Governance Guidelines for Insurance and Reinsurance Companies in Nigeria 2021, and the Guidelines on Corporate Governance for the Communications Industry 2024. While governance codes in Nigeria generally operate on a "comply or explain" basis, enforcement activity has increased in recent years. Regulators now actively monitor statutory filings, beneficial ownership disclosures, and compliance with governance and reporting requirements. As a result, corporate governance in Nigeria increasingly focuses on demonstrable compliance, transparency, accountability and effective board oversight, rather than merely satisfying formal legal requirements.

Common Corporate and Legal Entity Forms

The most commonly used corporate entity in Nigeria is a limited company. They can be private or public companies limited by shares, as well as private or public companies limited by guarantee, with the private company limited by shares being the most used business structure. Other business structures exist under Nigerian law, such as unlimited companies, business names (commonly used by firms and small enterprises), limited partnerships and limited liability partnerships, all of which are rarely used in relation to foreign investment.

Key Implications for Foreign Investors

For foreign investors considering FDI into Nigeria, the choice of legal entity has important legal, regulatory and operational consequences. Private companies limited by shares are generally preferred for foreign investment because they provide limited liability protection, operational flexibility, and comparatively lighter governance and disclosure obligations. They also allow foreign investors to structure control and oversight through shareholders' agreements, reserved matters and group governance policies, although they remain subject to sector-specific regulatory oversight and the statutory periodic filings with the CAC. Public companies, while offering access to broader sources of capital, carry significantly higher compliance and governance burdens. These include enhanced disclosure requirements, continuous reporting obligations and closer regulatory scrutiny. In addition, listed entities must comply with the elaborate rules of the NGX.

4.2 Relationship Between Companies and Minority Investors

Relationship Between Companies and Minority Investors in Nigeria

In Nigeria, the relationship between a company and its minority investors is both fiduciary and contractual, governed primarily by the CAMA and the company's memorandum and articles of association. The protection offered under these documents is supplemented by the rules under the NCCG, sector-specific codes of corporate governance applicable to regulated entities, and case laws. At the core of this legal relationship is the doctrine that the company is managed by its directors and controlled by shareholders acting through general meetings. While the majority shareholders typically determine corporate outcomes, the CAMA introduces safeguards to ensure that minority investors are not unfairly prejudiced, excluded or oppressed.

Statutory Rights of Minority Shareholders

Minority shareholders enjoy several enforceable statutory rights under the CAMA. These include:

- the right to receive notice of general meetings;
- attend and vote at such meetings;
- access statutory registers and financial statements; and
- challenge irregularities in corporate decision-making.

Minority investors holding specified thresholds of shares may requisition meetings, propose resolutions and demand investigations into the affairs of the company.

The CAMA also enhances transparency by mandating the disclosure of persons with significant control, thereby reducing the risk of hidden control structures that could disadvantage minority investors. The CAMA expressly offers the following protection to minority shareholders in a Nigerian company:

Minority Protection Proceedings – Section 343 of the CAMA

A minority shareholder may apply to the Federal High Court (the "Court") for an injunction or declaration restraining a company or its officers from completing a transaction on any of the following grounds:

- the transaction is illegal or ultra vires;
- the transaction involves an act or omission which affects the minority shareholder's individual rights as a member of the company;
- the transaction involved the commission of fraud on either the company or the minority shareholders, and the directors failed to take appropriate action to redress the wrong done;
- the directors are likely to derive a profit or benefit, or have profited or benefitted from their negligence or from their breach of duty in connection with the transaction; and
- any other act or omission, where the interest of justice so demands.

Personal or Representative Action - Section 344 of the CAMA

Any minority shareholder can institute a personal or representative action in the Court to enforce a right due to them personally or with other affected members who allege that their rights have been breached in the course of a transaction. Where a minority shareholder institutes an action under this provision, the Court may, if satisfied with the case of the applicant:

- award damages for any loss incurred on account of the breach; or
- make a declaration or grant an injunction to restrain the company or the directors from doing a particular act.

Protection Against Oppression and Unfair Conduct - Section 353 of the CAMA

A key feature of Nigerian corporate law is the protection against oppressive or unfairly prejudicial conduct. Minority shareholders may petition the Court where the affairs of the company are conducted in a manner that is illegal, oppressive or unfairly prejudicial to their interests. Nigerian courts have broad remedial powers in such cases, including ordering share buyouts, regulating the conduct of company affairs, or setting aside improper transactions.

Role of Directors and Governance Standards

Directors owe fiduciary duties to the company, not directly to individual shareholders. However, these duties, such as acting in good faith, avoiding conflicts of interest, and exercising reasonable care and skill, indirectly protect minority investors by constraining majority-driven misconduct at the board level. For public companies and regulated entities, corporate governance codes further reinforce expectations around fairness, transparency and board accountability.

In practice, minority protection in Nigeria depends heavily on contractual arrangements, particularly shareholders' agreements. Minority investors with strong bargaining power commonly negotiate reserved matters, information rights, tag-along rights, board representation and exit protections to supplement statutory safeguards. Overall, Nigerian corporate law aims to strike a balance between efficient corporate governance and minority shareholder protection.

4.3 Disclosure and Reporting Obligations

Foreign direct investment in Nigeria is subject to a combination of corporate, investment, foreign exchange, and sector-specific disclosure and reporting obligations. These obligations apply both to the foreign investor and to the Nigerian target company, depending on the nature, size and sector of the investment. Some of the disclosure requirements include:

- Persons with Significant Control (PSC) filings – any individual or legal entity (including a foreign investor) that directly or indirectly holds shares that entitle them to at least 5% voting rights in a private or public company must be disclosed as a PSC. This disclosure is mandatory on incorporation and must be updated whenever there is a change in ownership or control. In addition, the company must, within one month of receiving such a notification that a person has become or has ceased to be a PSC, notify the CAC. Where an FDI meets this threshold, the notification must be made to the CAC. Registrars of public companies are required to notify the SEC of any change in the ownership of shareholdings representing more than 5% of the issued shares of a public company.
- Disposal or exit reporting – upon disposal, either by share transfers, exits or divestments, updated filings must be made with the CAC (changes in shareholding/PSC), the authorised dealer bank (for capital repatriation), and the sector regulators or the SEC (where applicable).
- Annual returns filing – the Nigerian company would also be required to file its annual returns with the CAC every year, which would typically disclose the company's corporate particulars, share capital structure, shareholders, directors and beneficial ownership position at the return date. The annual returns must be filed with the audited annual returns of the company, but if the company is dormant at the date of filing, a statement of affairs may suffice.
- Sector-specific approvals – certain regulated sectors impose additional approval and disclosure requirements on investors where prescribed ownership or control thresholds are met. For example, in the banking sector, the acquisition of 5% or more of the shares of a bank by any person, including a foreign investor, generally requires the prior approval of the CBN, in accordance with the CBN circular issued in July 2023. Additionally, in the oil and gas sector, transfers of interests in licences or leases, including to or by foreign investors, must be disclosed and approved by the Minister of Petroleum Resources.

5. Capital Markets

5.1 Capital Markets Overview

Nigeria has a relatively diversified capital market that provides corporate entities, financial institutions and government bodies with access to short, medium and long-term capital to meet working capital requirements, business expansion, infrastructure development and other investment purposes. The Nigerian capital markets comprise mainly the equity and debt markets. Securities issued include equities, money market instruments (such as commercial papers), collective investment schemes, exchange-traded funds, derivatives, commodities trading, and a range of alternative and thematic instruments, including sukuk and green bonds. Following the enactment of the ISA, the range of permissible investment products has been expanded to include digital assets. The market continues to expand, and as of December 2025, market capitalisation on the NGX stood at approximately NGN90 trillion, with the All-Share Index gaining over 45% in 2025.

The capital market is regulated primarily by the SEC, which is the apex entity responsible for market oversight, investor protection, and the registration and supervision of market operators and securities. Securities are quoted and traded on registered exchanges, including the NGX, FMDQ Securities Exchange Limited (FMDQ) and the NASD OTC Securities Exchange (NASD), and are subject to the applicable rules and regulations of those exchanges. The CAC exercises regulatory oversight over all companies incorporated in Nigeria, while sector-specific regulators may also have jurisdiction, depending on the nature of the issuer and the securities being offered. Market activity is also supported by a wide range of intermediaries, including issuing houses, stockbrokers, fund managers, trustees, registrars, custodians, solicitors and rating agencies, as well as a growing base of domestic and foreign institutional investors.

Businesses in Nigeria typically rely on a combination of bank financing, capital market instruments and other sources of capital, with the choice largely determined by the size of the business, its credit profile and the tenor of funding required. Small and medium-sized enterprises in Nigeria generally rely predominantly on bank financing because it offers quicker access to funding and is more suited to their short-term operational needs. However, in recent years, more MSMEs have entered the capital market, with companies that have operated for three to five years raising capital through the issuance of commercial papers. Many SMEs do not yet possess the scale, operating history, governance structures or reporting capabilities typically required to access the capital markets. In addition, the costs, regulatory requirements and transactional complexities associated with capital market fundraising often outweigh the potential benefits for businesses of that size. On the other hand, most large corporates access the capital markets to secure longer-term, diversified and cost-efficient funding, particularly for expansion and capital-intensive projects.

5.2 Securities Regulation

The ISA is the primary legislation governing Nigeria's capital markets. It establishes the legal framework for the regulation of securities, capital market activities and market operators in Nigeria, and designates the SEC as the apex regulator of the Nigerian capital market. The ISA is supplemented by the SEC Consolidated Rules and Regulations 2013 (as amended) ("SEC Rules"), together with circulars, guidelines and directives issued by the SEC.

Section 86 (5) of the ISA prohibits the issuance, transfer, sale or offer for subscription or sale of securities to the public without the prior registration of the securities with the SEC. In addition, any offer of securities registered in Nigeria to persons outside Nigeria requires the prior approval of the SEC. Non-compliance attracts significant sanctions, including a fine of not less than 50% of the value of the securities offered to the public, and in the case of the principal officers of the issuing entity, a fine of not less than 10% of the value of the securities or imprisonment for a term of not less than five years, or both.

Securities may be listed, quoted and traded on licensed exchanges such as NGX, FMDQ and the NASD. Each exchange operates under its own rulebook, approved by the SEC, which sets out detailed requirements relating to listing eligibility, disclosure obligations, continuing compliance, corporate governance standards and market conduct. Issuers seeking to access the capital markets must comply with the ISA and SEC Rules, as well as the applicable rules of the relevant exchange. Listed companies are subject to ongoing disclosure and reporting obligations, including periodic financial reporting and prompt disclosure of price-sensitive information.

Foreign investors may freely invest in Nigerian securities, subject to compliance with applicable securities, company and foreign investment laws, including the ISA, SEC Rules, CAMA, NIPC Act and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act (Chapter F34) LFN 2004 (as amended). While foreign direct investment does not, in itself, automatically trigger securities law obligations, regulatory requirements may arise depending on the structure of the transaction and whether it involves regulated securities or capital market activities. Requirements that a foreign investor may be subject to include:

- the securities in which a foreign investor invests (other than securities of a private company) must be registered with the SEC, and investments must be made through Nigerian-registered capital market operators;
- where a foreign investor wants to divest its holdings in securities of public companies, such divestment must be through a registered securities exchange or a recognised over-the-counter market;
- where a foreign acquisition results in a change of control, notification to FCCPC is required. In the case of public companies, additional SEC approvals, disclosures or mandatory filings may also be triggered under the ISA and SEC Rules;
- takeovers, mergers and substantial share acquisitions are also subject to specific notification,

approval and disclosure thresholds under Nigerian securities law; and
- foreign investors are required to comply with foreign exchange regulations, including the registration of capital inflows through an authorised dealer bank and the issuance of a CCI, which facilitates the repatriation of dividends and capital.

Sector-specific restrictions or approvals may also apply in regulated industries.

5.3 Investment Funds

Other than the requirements stated in **5.2 Securities Regulation**, foreign investors structured as investment funds are not subject to any specific regulatory review.

6. Antitrust/Competition

6.1 Applicable Regulator and Process Overview

Nigeria has a merger control regime. Merger control in Nigeria is governed by the FCCPA and enforced by the FCCPC. A transaction will require the prior approval of the FCCPC if it will result in a direct or indirect change of control of a business or part of a business in Nigeria, and the transaction qualifies as a large merger. Transactions that do not qualify as large mergers are regarded as small mergers and do not require mandatory notification. A transaction will qualify as a large merger if it meets the control test and turnover test, and the approval of the FCCPC must be obtained prior to implementing the proposed transaction.

There are currently no exemptions for any category of foreign investors or investments. However, internal corporate restructurings that do not result in a change of control are not notifiable. If a transaction is notifiable, the parties are required to submit an application to the FCCPC using the prescribed form along with other supporting documents, which include but are not limited to:

- drafts of the transaction documents (these should be in substantially agreed form even if not yet executed);
- financial statements of the parties that reflect their annual turnover in, into or from Nigeria for the preceding three years;
- minutes of the meeting or board resolutions of the parties approving the proposed transaction;
- copies of any analysis, reports, studies, surveys, presentations and any comparable documents which reflect the parties' market share in Nigeria;
- copies of the parties' business plans; and
- information on the parties' shareholders.

The standard timeframe for the FCCPC's review is divided into phases (Phase One and Phase Two). During Phase One, the FCCPC conducts an investigation, undertaking market testing and a substantive review of the notified transaction. Where the FCCPC forms the view that a merger is unlikely to give rise to a substantial prevention or lessening of competition, it will issue an approval and the application process will conclude in Phase One. However, if the FCCPC considers the proposed transaction likely to result in a substantial prevention or lessening of competition, it will engage the merger parties with a view of resolving the competition issues. If the remedies proposed by the merger parties do not address the issues identified, the FCCPC shall undertake a second detailed review, commencing Phase Two of the review, and shall conduct an in-depth review and investigation with respect to the effects of the merger on competition.

In accordance with Regulation 19 (2) of the Merger Review Regulations 2020 and upon conclusion of the Phase Two review, the FCCPC shall issue a final decision which shall either approve the merger (with or without conditions) or prohibit the merger. The FCCPC's review under each phase can take up to 60 business days (a total of 120 business days) from the submission of the complete application. The FCCPC will seek to conclude its review within 45 business days if no material competition concerns arise (ie, where the review concludes in Phase One), but it is not obligated to do so, and may utilise the entire 60-day timeline for its review.

Where a transaction qualifies, the parties may use the FCCPC's simplified procedure, which reduces the time and resources required to prepare the application documents and review applicable notifiable transactions. The FCCPC will allow the simplified procedure in the following circumstances:

- where small mergers have been voluntarily notified and have not been prompted by the FCCPC;
- where none of the undertakings involved in the merger or acquisition are active or potentially active in the same product or geographic markets, or in any product market which is upstream or downstream to a product market in which another undertaking is active or potentially active;
- where two or more of the undertakings involved in the merger or acquisition are active in the same product or geographic market, but their combined market share is less than 15%, or where one or more undertakings involved in the merger or acquisition are active in any product market which is upstream or downstream to a product market in which another undertaking is active, but the market share of each of the undertakings involved in each market is less than 25%; and
- where an undertaking involved, which already has joint control over a company, is to acquire sole control over that company.

Under the simplified procedure, the parties are required to submit the application using the FCCPC's designated Form 2 (Notice of Merger – Simplified Procedure), which is less detailed than the standard FCCPC Form 1 (Notice of Merger) that is utilised for the standard procedure. The FCCPC is therefore obligated to conclude its review of an application that is made under the simplified procedure within 45 business days if there are no material competition concerns. The parties may also request an expedited review of the application in order to further reduce the timeframe for the FCCPC's Phase One review by 40%, which amounts to 36 business days.

6.2 Criteria for Antitrust/Competition Review

The jurisdiction has a merger control regime. The substantive review focuses on whether the transaction is likely to substantially prevent or lessen competition in any relevant market in Nigeria, and if so, whether any efficiencies or public interest considerations justify clearance.

In conducting this analysis, the FCCPC typically considers:

- the structure and level of concentration in the relevant markets;
- the extent of actual and potential competition (including barriers to entry or expansion);
- the likelihood that the merger will remove an effective competitor, or create or enhance market power; and
- the extent of countervailing buyer power; among other considerations.

Where competition concerns arise, the FCCPC may approve the transaction subject to conditions or remedies, and may also take into account relevant public interest factors.

6.3 Remedies and Commitments

Where a transaction subject to merger control review in Nigeria raises substantial competition concerns, the FCCPA provides in Part VI of the Merger Review Regulations 2020 that the FCCPC may permit the notifying parties to propose remedies or restructure the transaction in a manner that resolves those concerns. The objective of any remedy is to restore or maintain effective competition and prevent the competitive harm that the transaction would otherwise cause, rather than improve competition beyond the pre-merger position.

The FCCPC may accept structural remedies, behavioural (non-structural) remedies, or a combination of both. Structural remedies typically involve changes to market structure, such as commitments to divest specific assets, businesses or shareholdings. Behavioural remedies involve commitments relating to the future conduct of the merged entity, including constraints on contractual arrangements or commercial behaviour. Merging parties may submit remedy proposals at any stage of the application and are encouraged to engage with the FCCPC at an early stage. Parties may also propose alternative or multiple remedy packages, from which the FCCPC will select the least intrusive remedy that adequately addresses the identified competition concerns. Where appropriate, the FCCPC may consider such remedies as an alternative to prohibiting the transaction altogether.

6.4 Antitrust/Competition Enforcement

In Nigeria, the FCCPC has the power to prohibit or otherwise challenge a transaction where it constitutes a notifiable merger and raises competition concerns, either before or after the investment is made. Where the investment has not yet been made, and the transaction qualifies as a large merger and a filing has been made, the FCCPC has the power, upon review of a merger notification, to prohibit the implementation of the merger. Where the investment has been made without prior FCCPC approval, the FCCPC retains the power to review and challenge the transaction once it becomes aware of it. In such circumstances, the FCCPC may investigate the merger and issue appropriate remedial orders, or declare the transaction void in accordance with the FCCPA.

Right of Appeal

Section 103 of the FCCPA provides that a person aggrieved by a decision of the FCCPC under Part XII may apply for a review of that decision before the Competition and Consumer Protection Tribunal. Where the decision giving rise to the grievance relates to a decision of the Tribunal, a further appeal lies to the Court of Appeal.

Consequences of Investing Without FCCPC Approval

Section 96 (5) of the FCCPA provides that any action undertaken to implement a large merger without the approval of the FCCPC is void. Furthermore, under Section 96 (7) of the FCCPA, an undertaking that implements a large merger without the approval of the FCCPC commits an offence, and is liable on conviction to a fine not exceeding 10% of the turnover of the undertaking in the business year preceding the date of the commission of the offence, or to such other percentage as the court may determine with regard to the circumstances of the case. In addition, the FCCPC's Administrative Penalties Regulations 2020 (APR) empowers the FCCPC to impose administrative penalties on relevant parties for implementing a merger without approval. Under the APR, the base sum for calculating the administrative penalty for implementing a merger without FCCPC's approval is 2% of the undertaking's annual turnover.

7. Foreign Investment/National Security

7.1 Applicable Regulator and Process Overview

Nigeria does not operate a standalone foreign investment or national security review regime comparable to those in other jurisdictions, such as the United States. Instead, it adopts a generally liberal investment regime, subject only to clearly defined statutory restrictions and sector-specific regulatory approvals. The principal legislation governing foreign investment is the NIPC Act. The NIPC Act permits 100% foreign ownership of Nigerian companies in most sectors and expressly guarantees foreign investors national treatment, the right to repatriate profits, and protection against expropriation.

The only express statutory restriction on foreign investment is the "negative list" set out in Section 31 of the NIPC Act, which prohibits all persons, whether foreign or Nigerian, from investing in the following sectors:

- arms and ammunition;
- military and paramilitary equipment;
- narcotic drugs and psychotropic substances; and
- any other sector designated by the Federal Executive Council.

While Nigeria does not have a general FDI or national security screening mechanism, certain investments may nonetheless require sector-specific regulatory approvals (depending on the target's business). They may also trigger FCCPC merger clearance where the transaction results in a change of control, and the notification thresholds are met (in which case approval must be obtained before implementation). Any applicable approval requirements and timelines are therefore determined primarily by sector regulation and merger control rules, rather than by a foreign investment screening regime.

7.2 Criteria for National Security Review

Nigeria does not operate a standalone foreign investment or national security screening regime. Accordingly, there are no FDI-screening criteria or national security analyses that apply specifically (or differently) to:

- partnerships and joint ventures;
- acquisitions by foreign governments or government-affiliated entities; or
- non-controlling minority investments.

7.3 Remedies and Commitments

As Nigeria does not have a standalone foreign investment or national security screening regime, there are no FDI-specific or national security-specific remedies typically imposed on that basis.

7.4 National Security Review Enforcement

There is no single "FDI authority" in Nigeria empowered to block foreign investments. However, foreign investments may be blocked, challenged or unwound under generally applicable laws, principally merger control and sector-specific regulation. The NIPC is also empowered to refuse the registration of any company with foreign participation where the proposed business falls within the negative list. Accordingly, while Nigeria is generally open to FDI, foreign investors must ensure compliance with applicable pre-closing approvals under merger control and sector regulation. Failure to obtain required approvals prior to completion can result in penalties, invalidation risk and remedial directions (including possible unwinding or restructuring of the transaction).

8. Other Review/Approvals

8.1 Other Regimes

Under the NIPC Act, foreign ownership is permitted in all industries. However, restrictions apply in the following specific sectors in relation to acquisitions of shares by foreigners that exceed prescribed thresholds:

- Oil and gas – to be competitive in the award of contracts, the Nigerian Oil and Gas Industry Content Development Act 2010 provides that at least 51% of the shares of a company involved in the oil and gas industry must be owned by Nigerian citizens. Other factors will, however, be considered, including employment policies, use of Nigerian subcontractors and suppliers, and local training, technology transfer and in-country spend. This requirement is contained in Sections 3 and 106 (definition of Nigerian company) of the Nigerian Oil and Gas Industry Content Development Act 2010 and the definition of "Indigenous Companies" under the Regulation for the Further Growth of Indigenous Capacity 2021;
- Shipping – the Coastal and Inland Shipping (Cabotage) Act restricts the use of foreign-owned or manned vessels for coastal trade in Nigeria;
- Broadcasting – a company applying for a broadcasting licence must demonstrate that it is not representing any foreign interests and that it is substantially owned and operated by Nigerians;
- Advertising – only a national agency (that is, an agency in which Nigerians own not less than 74.9% of the equity) can advertise to the Nigerian market;
- Private security – a foreign investor cannot acquire an equity interest in, or sit on the board of, a Nigerian private security guard company;
- Engineering – a company engaged in engineering services must be registered with the Council for the Regulation of Engineering in Nigeria (COREN). One requirement for registration is that the company must have Nigerian directors registered with the COREN holding at least 55% of the company's shares;
- Aviation – to qualify for the grant of an aviation licence or permit, the Nigerian Civil Aviation Authority must be satisfied that an applicant is a Nigerian company or citizen;
- Pharmacy – the Pharmacist Council of Nigeria Act 2004 (the "PCN Act") provides for the registration of non-Nigerian citizens as a pharmacist only if:
  - (a) the applicant's home country grants reciprocal registration to Nigerians; and
  - (b) the applicant has been resident in Nigeria for at least 12 months before the application.

The PCN Act further requires every chain retail or community pharmacy, whether owned by Nigerians or foreign investors, to have one or more Nigerian pharmacists on its board of directors holding, individually or collectively, at least 40% of the company's shares.

9. Tax

9.1 Taxation of Business Activities

Companies operating in Nigeria are subject to a range of taxes, fees and levies. The tax regime distinguishes between Nigerian companies, which are:

- incorporated in Nigeria;
- where the central place of management or control is in Nigeria; or
- where the effective place of management or control is in Nigeria;

and non-resident companies, as well as between different types of entities such as corporations and partnerships.

Companies Income Tax

Companies doing business in Nigeria are subject to Companies Income Tax (CIT) on their profits or income. Nigerian companies are subject to CIT on their worldwide profits, at the rate of 30% for large companies (companies with annual turnover of NGN100 million or more, with net assets of more than N250 million) and 0% for small companies (companies other than large companies).

Non-resident companies are subject to CIT on income or profits accruing in or derived from Nigeria as provided under Section 17 of the Nigeria Tax Act 2025 (NTA), including profits attributable to a Permanent Establishment (PE) or a Significant Economic Presence (SEP). A non-resident company is deemed to have a PE in Nigeria where it:

- has a place in Nigeria available for business purposes;
- operates through an authorised agent or related person in Nigeria;
- maintains stock in Nigeria from which goods are delivered;
- executes a project in Nigeria (eg, surveys, construction, installation, commissioning or related supervisory activities), whether alone or with others, even if only part of the project is in Nigeria; or
- provides services in Nigeria through employees, agents, subcontractors or other engaged persons.

A non-resident company is deemed to have a significant economic presence in Nigeria if it generates profits from activities directed at Nigeria via digital means or electronic channels. This includes transmitting data, messages, signals or content by electronic or wireless means for activities such as e-commerce, app stores, online advertising, digital content, cloud computing, online payments, online gaming, online teaching or other digital services, whether directly or through others.

Value Added Tax

Sections 144 and 147 of the NTA impose VAT at a rate of 7.5% on the supply of taxable goods and services in Nigeria. VAT is applicable to both Nigerian and non-resident companies supplying taxable goods or services in Nigeria. However, for non-resident persons, where such taxable supplies are made from outside Nigeria to persons in Nigeria, the taxable person to whom the supply is made shall withhold VAT due on the supply and remit it to the NRS, except where the non-resident has been appointed by the NRS to collect the VAT and remit it. VAT returns to the NRS on or before the 21st day of the month following the month in which the taxable supply occurs. Small businesses (excluding businesses providing professional services) are exempt from charging VAT and filing monthly VAT returns.

Withholding Tax

WHT is deducted at source on certain payments, including dividends, interest, rent, royalties and contract payments. Rates vary depending on the nature of the payment and whether the recipient is a resident or non-resident. For instance:

- dividends, interests and rent attract WHT at 10% for both residents and non-residents;
- consultancy, technical, management, professional and brokerage fees attract WHT at 5% for residents and 10% for non-residents;
- supply of other services attract WHT at 2% for residents and 5% for non-residents, etc.

Remittance of WHT deducted from companies is due to the NRS no later than the 21st of the month following the month of payment. Remittance of WHT deducted from individuals and unincorporated entities is due to the relevant state tax authority no later than the 30th of the month following the month of payment.

Development Levy

Section 58 of the NTA imposes a development levy of 4% on the assessable profits of all companies, except for small companies and non-resident companies. The development levy replaces the tertiary education tax, National Information Technology Development Agency levy, and the National Agency for Science and Engineering Infrastructure levy.

Capital Gains Tax

The NTA imposes CGT on the gains realised from the disposal of chargeable assets (including the sale of shares) in Nigeria. Both Nigerian and non-resident entities are liable to CGT. However, while Nigerian entities are subject to CGT on their worldwide disposals, Section 17 (2) of the NTA states that non-resident persons are only liable to CGT on gains that relate to:

- a trade, business, profession or vocation carried on by the non-resident person in Nigeria;
- any asset located in Nigeria; and
- any asset deemed to be located in Nigeria under the NTA.

Previously, capital gains were subject to a flat 10% tax rate. The NTA has introduced a significant shift by aligning CGT with the CIT framework, whereby chargeable gains are treated as ordinary income and taxed at the same rate of 30%.

Stamp Duties

Under Section 123 of the NTA, stamp duty is imposed on any instrument which is

- first executed in Nigeria; or
- executed outside Nigeria but which relates to any property situated in Nigeria, or to any matter or thing done in Nigeria.

The law does not create any distinction between Nigerian and non-resident entities for stamp duty purposes. Section 125 of the NTA further provides that every instrument executed in Nigeria that is chargeable with stamp duty shall be stamped within 30 days after its execution by the person required to pay the stamp duty.

However, the NTA is silent on the timeline for the stamping of instruments executed outside Nigeria. The NTA provides that an unstamped dutiable instrument shall not be admissible as evidence in any court, judicial or arbitration proceedings, or in satisfying any evidentiary requirements unless otherwise stated by the NTA. An unstamped instrument may be given in evidence in a criminal proceeding, however. An unstamped instrument may, however, be given in evidence in a criminal proceeding.

9.2 Withholding Taxes on Dividends, Interest, Etc

Under Nigerian domestic law, dividends and interest paid to a foreign investor on FDI in Nigeria are subject to withholding tax at 10%. Some Nigerian tax treaties provide for reduced withholding tax rates (7.5%) on dividends and interest, and in the case of dividends, the reduced rate may be conditional on the foreign investor meeting a minimum shareholding threshold (eg, holding at least 10% of the capital of the dividend-paying company). The NRS always applies the rate specified under domestic tax laws, except where the rate in the domestic tax laws exceeds the maximum rate specified in the treaty. In such cases, the maximum rate under the treaty applies.

In Nigeria, the availability of reduced withholding tax rates under a double tax treaty is subject to anti-avoidance principles designed to prevent treaty shopping. In practice, the NRS applies a substance-based and beneficial ownership approach when assessing treaty claims. To access treaty benefits, the foreign investor must be the true economic owner of the dividend or interest income, and not merely a conduit established to obtain treaty relief. The NRS also requires proof of tax residence, typically in the form of a valid tax residence certificate issued by the tax authority of the treaty partner country. The NRS adopts the Principal Purpose Test to determine whether the foreign investor has sufficient economic substance, including genuine commercial activities, decision-making capacity, and management presence in the treaty jurisdiction.

Structures that appear artificial or primarily tax-driven may be challenged. Section 46 of the NTA empowers the tax authorities to disregard any disposition or transaction, or carry out necessary adjustments, where they are of the opinion that such disposition or transaction reduces or would reduce the amount of any tax payable, or is artificial or fictitious. Section 30 of the NTA also requires any person who enters or intends to enter into any transaction or agreement, whose principal purpose is a benefit which enables, or might be expected to enable, such a person to obtain a tax advantage, to provide information relating to that transaction or agreement to the relevant tax authority, without notice or request.

9.3 Tax Mitigation Strategies

Some of the tax mitigation strategies adopted by companies doing business in Nigeria to manage and optimise their effective tax burden include the following:

Acquisition and Restructuring Structure

M&A transactions are often structured to optimise tax outcomes, including asset acquisitions or reorganisations that preserve tax attributes. Under Section 189 of the NTA, qualifying mergers are treated as tax-neutral restructuring, allowing assets to be transferred at tax written-down value without triggering capital gains tax, while preserving unutilised capital allowances, unabsorbed losses, and withholding tax credits in the surviving entity. This regime supports efficient post-acquisition integration and internal group restructurings.

Earnings Stripping and Inter Company Financing

To mitigate tax via "earnings stripping", companies utilise intercompany debt. However, the NTA provides specific interest deductibility rules designed to prevent profit shifting via excessive leveraging. This rule mandates that the deductible interest expense on loans from "connected persons", which now includes both domestic and foreign related parties, is capped at 30% of the company's earnings before interest, tax, depreciation, and amortisation. Any interest exceeding this threshold is disallowed as a deduction in the current year but may be carried forward for up to five years. This mechanism ensures that a company's tax base is not "stripped" away by high-interest payments to parent or affiliate entities, effectively forcing a portion of the company's operating profit to remain within the Nigerian tax net.

Cross Licensing and IP Arrangements

Under the NTA, cross-licensing and intellectual property (IP) arrangements are strictly regulated to prevent the erosion of the Nigerian tax base. While companies historically used licensing fees to repatriate profits to low-tax jurisdictions, Section 17 (5)(e) of the NTA now specifically disallows the deduction of royalties or fees paid by non-resident companies to "connected persons" for the use of patents or similar rights, other than towards reimbursement of actual expenses. For resident companies, while deductions are still permissible, they must strictly adhere to the transfer pricing (TP) rules and regulations, ensuring that all intercompany royalties are at "arm's length". Any payment deemed excessive by the NRS is disallowed, and non-compliance with TP documentation triggers significant administrative penalties.

The NTA also introduced a significant constraint on IP-based tax mitigation with the introduction of 15% Minimum Effective Tax Rate (ETR) for:

- companies that are constituent entities of a multinational entity group, with aggregate group turnover of at least GBP750 million or its equivalent; or
- companies with an aggregate turnover of NGN50 billion and above in the financial year.

Since the ETR is calculated by dividing covered taxes by net income, aggressive royalty deductions that significantly lower a company's taxable profit will likely drive its ETR below the 15% threshold. In such cases, the company is required to pay a top-up tax to bridge the gap, effectively neutralising the tax benefit of any royalty payments that exceed the ETR limit. This ensures that even where cross-licensing is used to shift profits, the entity maintains a minimum level of tax contribution in Nigeria proportional to its economic activity.

Net Operating Losses and Capital Allowances

Companies may carry forward unabsorbed tax losses and capital allowances to offset future taxable income. Under the NTA, the treatment of net operating losses is governed by strict "same line of business" and sequential recoupment rules designed to prevent tax arbitrage. Pursuant to Section 27 (6) of the NTA, while losses may be carried forward indefinitely until fully recouped, they are strictly ring-fenced to the specific trade or business in which they were incurred. The NTA also mandates a "first-available-profit" approach, requiring that losses be deducted to the extent possible from the assessable profits of the very first year of assessment following the loss, and sequentially thereafter.

Incentives and Sector-Specific Reliefs

Companies may also mitigate taxes through statutory incentives, including economic development tax credits (which replaces the pioneer status incentive), sector-specific reliefs and free trade zone regimes, depending on the nature and location of their operations. Section 177 and the Tenth Schedule of the NTA introduces the Economic Development Tax Credit (EDTC), which grants a 5% annual credit on qualifying capital expenditure incurred in certain specified sectors. The EDTC may be used to offset income tax payable during the qualifying period (excluding ETR adjustments), with unused credits carried forward for up to five additional years before expiration.

Recognising the strategic importance of agriculture to Nigeria's economic development, the NTA retains and, in some respects, enhances long-standing fiscal incentives for qualifying agribusinesses. Under Section 163 (1)(p) of the NTA, income generated by companies engaged in agricultural businesses, including crop production, livestock, aquaculture, forestry, dairy, cocoa processing and animal fees, is exempt from tax for the first five years upon commencement of business. In addition, Section 186 exempts the purchase, hire, rental or lease of tractors, ploughs and other agricultural equipment from VAT.

Tax Consolidation and Group Relief

Nigeria does not operate a formal tax consolidation regime (ie, filing a single tax return for a group). Each subsidiary is a separate taxpayer.

9.4 Tax on Sale or Other Dispositions of FDI

In Nigeria, capital gains tax applies to gains arising from the sale or other disposition of shares, securities, real property, digital or virtual assets, incorporeal property and other assets, whether held directly or indirectly, and whether the investor is resident or non-resident, provided the gain is attributable to Nigeria. The NTA has also aligned the CGT rate for companies with the standard CIT rate of up to 30%.

Notwithstanding this general rule, the NTA retains targeted reliefs for share disposals, which are particularly relevant to portfolio and strategic investors.

- Gains arising from the disposal of shares in a Nigerian company are exempt where the total proceeds do not exceed NGN150 million, and the chargeable gain does not exceed NGN10 million within any 12 consecutive months.
- Capital gain is exempt where the proceeds from a share disposal are fully reinvested in shares of the same or another Nigerian company within the same year of assessment. Where only part of the proceeds is reinvested, CGT applies on a proportionate basis to the non-reinvested amount.

These reliefs are narrowly framed and do not amount to a general exemption for capital gains on FDI.

Indirect Offshore Transfers

The NTA introduces a significant reform to the CGT regime by expanding CGT to cover indirect transfers of shares and other interests that derive value from Nigerian assets. Under Section 47 of the NTA, gains accruing to any person from an offshore disposal of shares by a non-resident constitute chargeable gains in Nigeria where the disposal results in a change:

- in the ownership structure or group membership of any Nigerian company; or
- of ownership of, title in, or interest in any asset located in Nigeria.

Furthermore, Section 46 (f) of the NTA provides that shares or securities in any foreign entity are deemed to be located in Nigeria if, at any time during the 365 days preceding the alienation, more than 50% of the value of the shares or other interest is derived, directly or indirectly, through one or more interposed entities resulting in the change in direct or indirect ownership structure of a Nigerian entity.

As a result, Nigeria may tax offshore share disposals provided the >50% value threshold and the 365-day condition exist. A further condition that will trigger the rule is that the disposal results in a change in the ownership structure or group membership of any Nigerian company or a change in the ownership of title, or interest, in any asset located in Nigeria.

Digital and Virtual Assets

The NTA expressly includes digital and virtual assets (such as cryptocurrencies, tokens and NFTs) as chargeable assets. Gains derived by corporate investors from the disposal of such assets are taxable. Importantly, losses incurred on digital or virtual assets may only be offset against profits from the same digital or virtual asset business; they cannot be used to reduce profits from other trading activities (Section 27 (7) NTA). This ring-fencing rule effectively limits loss utilisation and makes tax planning for digital investments more structured and asset-specific.

Use of Blocker Corporations and Tax-Preferred Vehicles

Nigeria does not have the USA's equivalent of "blocker" corporations, but foreign investors commonly employ holding and intermediary structures to manage Nigerian tax exposure and simplify compliance, although such structures no longer completely eliminate CGT with the introduction of CGT on indirect disposal of shares.

For instance, if a foreign company ("OffshoreCo") owns shares or other interests in Nigeria, and the value of those shares held in the Nigerian company ("NigeriaCo") constitute over 50% of OffshoreCo's total value, any gains that accrue to a shareholder of OffshoreCo that sells its shares will be taxed in Nigeria as if it were a direct disposal of shares in NigeriaCo or property in Nigeria.

Real Estate Investment Trusts (REITs)

Distributions by REITs from dividend or rental income are exempt from withholding tax in the hands of investors, where not less than 75% of the dividend or rental income is distributed within 12 months after the end of the financial year in which the dividend or rental income was earned, providing a tax-efficient vehicle for foreign investment in Nigerian real estate.

Free Trade Zone Entities

The Second Schedule to the NTA introduces a graduated approach on taxation for FTZ Entities (FZEs), replacing the previous full exemptions granted to FZEs with a framework of conditional and, ultimately, full taxation for certain activities. Specifically, the NTA phases out tax exemptions for FZEs based solely on domestic sales ratios, such that profits are fully exempt where domestic sales are 25% or less, taxable on the domestic portion where sales exceed 25%, and fully taxable on all domestic sales from 1 January 2028 (unless extended).

9.5 Anti-Evasion Regimes

Nigeria imposes special anti-avoidance rules that apply to certain types of FDI, particularly where the investment structure could be used to reduce Nigerian tax or improperly access treaty benefits. These rules are designed to ensure that cross-border transactions are genuine, economically substantive and taxed appropriately under Nigerian law.

- Equity investments structured to access treaty benefits are closely scrutinised under Nigeria's general anti-avoidance rules (GAAR). The reduced withholding tax on dividends provided under some double tax treaties is only available if the foreign investor is the beneficial owner of the income and is not established primarily to obtain treaty relief. Nigeria has introduced a controlled foreign company (CFC) rule. The CFC rule imposes a tax liability on the Nigerian company, which is the controlling shareholder in the foreign company, on undistributed profits of the foreign company attributable to the shares of the Nigerian company, provided that the distribution of such profits by the foreign company will not be detrimental to its business.
- Intra-group loans or other debt arrangements are subject to GAAR and transfer pricing requirements. Interest payments to related foreign parties must reflect arm's length terms, and the NRS may adjust or disallow interest payments that are excessive or designed to shift profits out of Nigeria. The interest deductibility rule also requires that the deductible interest expense on loans from "connected persons" is capped at 30% of the borrowing company's EBITDA.

- Payments for management fees, royalties or other services to foreign affiliates are also subject to GAAR and transfer pricing requirements. These must be consistent with the arm's length principle, and arrangements that are artificial or intended solely to reduce Nigerian tax liability may be disallowed or adjusted.

Nigeria has a comprehensive transfer pricing regime under the Income Tax Transfer Pricing Regulations 2018 that applies to transactions between a Nigerian company/permanent establishment and a foreign investor or other related parties. Transactions must be conducted on an arm's length basis, and taxpayers are required to maintain contemporaneous transfer pricing documentation and file annual transfer pricing returns with the NRS.

While Nigeria does not yet have an anti-hybrid regime, the domestic tax laws allow the NRS to re-characterise transactions or disallow deductions where cross-border arrangements are artificial and primarily designed to avoid tax. Combined with transfer pricing rules and beneficial ownership tests, these principles act as a safeguard against tax evasion through complex international structures.

10. Employment and Labour

10.1 Employment and Labour Framework

The principal legislation governing the employment of persons in Nigeria is the Labour Act, Cap L1, Laws of the Federation of Nigeria 2004 (the "Labour Act"), which prescribes minimum terms and conditions of employment. The Labour Act is limited in its scope of application, as it only governs the employment of persons who perform manual labour or clerical work (referred to as "workers"). Employees who perform administrative, executive, technical or professional functions (often referred to as "non-workers") do not fall within the scope of the Labour Act, and their employment relationship is largely governed by the terms of their individual contracts of employment. However, it is not unusual for the terms of the Labour Act to be used as a benchmark for prescribing minimum terms of employment for both workers and non-workers. In addition to the Labour Act, employment and labour relations in Nigeria are regulated by the Constitution, federal and state legislation, decisions of the Nigerian courts, and international labour conventions, treaties and protocols.

In Nigeria, collective bargaining agreements and labour union arrangements are relatively common, particularly in unionised sectors such as oil and gas, banking, health, manufacturing, etc. However, "work council" is not a recognised concept under Nigerian law. In addition to the above, foreign investors considering FDI in Nigeria should also be aware of Nigeria's immigration laws. These include requirements for expatriate quota approvals, work permits for foreign employees, filing of monthly returns, as well as compliance with sector-specific immigration obligations.

10.2 Employee Compensation

In Nigeria, employee compensation is typically structured around a combination of cash remuneration, statutory benefits, and optional long-term or incentive-based arrangements, subject to the agreement of the parties. Cash remuneration usually consists of a base salary agreed under the employment contract, supplemented by various allowances such as housing, transport and utilities, which are common in Nigerian employment practice. In addition, Nigerian law mandates certain statutory benefits, including pension contributions and life insurance.

Beyond these statutory and contractual entitlements, many employers offer additional benefits to remain competitive. These may include enhanced health insurance coverage, gym subscriptions, and other welfare-related benefits. In recent years, particularly among start-up companies, equity-based compensation, such as employee share option plans, has become more common. While such arrangements are not mandated by law, they are governed by the contractual agreement between the parties. Some employers also provide variable compensation in the form of performance bonuses, commissions or annual incentive payments.

Employee compensation is particularly relevant in the context of acquisitions, change-of-control or other investment transactions, because in practice, parties usually agree that employees who remain in employment will do so on terms no less favourable than those previously applicable. Employment contracts remain binding on the new employer, and any material changes to compensation arrangements generally require the consent of the affected employees.

10.3 Employment Protection

In Nigeria, employees' rights in the event of an acquisition, change of control or other investment transaction are primarily governed by the terms of their employment contracts and the Labour Act. Nigerian labour law does not provide for an automatic transfer of employment, and accordingly, employees are not transferred from one employer to another solely by reason of a business acquisition. Any transfer of employment from one legal entity to another generally requires the consent of the affected employee and, where the Labour Act applies, the endorsement of an authorised labour officer.

Where employment is terminated in connection with such a transaction, employees are entitled to contractual notice, any applicable redundancy payments, and the settlement of all accrued benefits in accordance with the terms of their employment contracts. In addition, employers may be required, where applicable, to consult with trade unions prior to implementing redundancies or making material changes to employment terms of unionised employees.

11. Intellectual Property and Data Protection

11.1 Intellectual Property Considerations for Approval of FDI

Intellectual property is generally not a key consideration when screening or approving FDI. However, where the investment structure involves the transfer or licensing of IP or IP rights, the relevant agreements must be registered with the National Office of Technology Acquisition and Promotion (NOTAP). A NOTAP Certificate of Registration is required if an investor intends to access the official Foreign Exchange Market to repatriate or receive funds under the licence or transfer agreement.

In order to qualify for registration with the NOTAP, any IP right sought to be licensed or transferred must be registered locally in Nigeria. In addition, trademark licensing is, under NOTAP Guidelines, limited to locally manufactured goods, and trademark licence agreements outside this sector are typically not registrable with NOTAP. In practice, the review process includes submitting the relevant transfer or licensing agreement to NOTAP for registration. NOTAP's review is conducted in accordance with its prescribed guidelines. The last updated guidelines took effect on 1 January 2025.

11.2 Intellectual Property Protections

Nigeria has relatively strong IP protections. The principal laws currently in force regulating IP matters include the Trade Marks Act 1967 (as amended), the Patents and Designs Act 1970 (as amended), the Plant Variety Protection Act 2021 and the Copyright Act 2022. In addition, Nigeria is a member of the World Intellectual Property Organisation (WIPO) and a party to several international treaties which inform minimum standards of protection and the interpretation of domestic IP laws. In collaboration with WIPO, Nigeria developed the National Intellectual Property Policy and Strategy (the "IP Policy"), which was unveiled in December 2025.

It is relatively easy to obtain IP protection for qualifying works under Nigerian law. There is no registration requirement for copyright protection, and the Patent and Designs Office does not conduct a substantive review of patent applications, which makes access to registration procedurally straightforward and comparatively less burdensome. Additionally, no secondary political or executive authorisation is required to obtain or enforce IP rights. Enforcement is primarily judicial. From an enforcement perspective, rights holders may face practical challenges, including administrative delays and court congestion.

There are no sectors in Nigeria in which IP protection is categorically unavailable, although certain matters are excluded from protection. Under the Patents and Designs Act, discoveries, scientific theories, mathematical methods and animal varieties are not patentable. In addition, the practice of the Patent and Designs Registry is not to permit the registration of computer programs as patents, particularly where the claimed invention is directed solely to software without a technical or industrial effect.

Although the Copyright Act provides copyright protection for computer programs, the law is silent on the ownership and protection of AI-generated works. Notably, Nigeria's IP Policy highlights inadequate statutory protection for new and emerging technologies (especially for database, geographic indications, trade secrets, integrated circuits, etc) as a key concern affecting IP protection in Nigeria.

Compulsory licences are recognised under Nigerian IP laws but are granted only in limited circumstances. They allow a third party to use protected IP without the owner's consent, where the rights holder cannot be located and the use of the IP is considered necessary in the public interest. Such licence would, however, be subject to approval by the relevant authority, such as the Copyright Commission or the Patent and Designs Office.

11.3 Data Protection and Privacy Considerations

The Nigeria Data Protection Act 2023 (NDPA) and the General Application and Implementation Directive 2025 (GAID) regulate data protection and privacy in Nigeria. The NDPA is the primary legislation that regulates data protection and privacy matters in Nigeria, and it established the Nigeria Data Protection Commission (NDPC) as the data protection regulatory authority for Nigeria. The NDPC issued the GAID on 20 March 2025 to provide further guidance on the implementation of the NDPA. The NDPA has extra-territorial application, by virtue of its section 2 (a)–(c), which provides that the NDPA applies to any data controller or processor that processes personal data within Nigeria; or to such data controller/processor that is not domiciled or operating in Nigeria but processing personal data of data subjects in Nigeria. In this regard, the NDPA extends to foreign investors who process the personal data of residents in Nigeria in their respective jurisdictions.

The NDPC has demonstrated a strong commitment to enforcing the NDPA. It has powers to issue both compliance orders (including warnings, directives and cease-and-desist orders) and compliance orders (including remedial and compensation orders, profit disgorgement and financial penalties). It is also empowered to impose fines of up to 2% of a defaulting entity's annual gross revenue for the preceding year, underscoring the material enforcement and financial risk of non-compliance.

Trends and Developments

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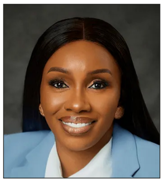
Authors



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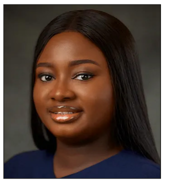

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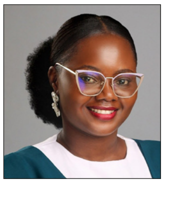

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Introduction

Acquiring a public company limited by shares (PLC) in Nigeria requires the consideration of Nigerian corporate laws, securities rules, tax, foreign exchange regulations and relevant sector-specific frameworks. Against the backdrop of the newly enacted Investments and Securities Act 2025 (ISA) and the Nigeria Tax Act (NTA), this article outlines key considerations for investors contemplating the acquisition of a Nigerian PLC.

Securities and Exchange Commission (SEC) Considerations

SEC approval

The ISA provides a comprehensive framework for PLC acquisitions. Approval requirements depend on the transaction structure, and whether the transaction is:

- a direct sale of shares by a shareholder in a PLC; or
- a corporate restructuring of a PLC, such as mergers, asset acquisitions, takeovers, spin-offs, carve-outs or share reconstructions.

Acquisition of shares from existing shareholders

Shares of a PLC are freely tradeable, as this is required to ensure that they can easily be transferred on a stock exchange without inhibitions. Where the share transfer would result in the acquirer (alone or with concert parties) owning 30% or more of the company's shares, the SEC must be informed in anticipation of the acquirer having to undertake a mandatory takeover offer (MTO) after completing the share acquisition.

Corporate restructuring

Section 140 (1) of the ISA expressly provides that a PLC shall obtain the prior approval of the SEC before undertaking a proposal, scheme, transaction, arrangement of activity, issuing or offering of securities for subscription, or purchase of securities in connection with any of the following:

- the conversion of a public company or the reconstruction of its shares;
- a carve-out, spin-off, split-off or other form of restructuring of its operations;
- the acquisition or disposal of an asset which results in a significant change in the business direction or policy of a PLC or any other listed entity, whether or not in relation to any proposal, scheme, transaction, arrangement or activity; or
- a compromise, arrangement or scheme by way of issue of securities for the amalgamation of two or more listed companies.

In a corporate restructuring of a PLC, the SEC only reviews the transaction to ensure that all shareholders are given sufficient information about the transaction and are treated fairly, equitably and similarly. It does not consider competition issues, whose objective is reserved for a different set of regulators.

Mandatory takeover offers

Section 142 of the ISA requires a person who intends to acquire shares in a PLC to make an MTO bid to other shareholders where, whether by a series of transactions or not, such shares:

- carry 30% or more of the voting rights of the PLC; or
- carry 30% or more of the voting rights of a company when acting in concert with another.

Consequently, the acquirer of a PLC must make a mandatory takeover bid to the shareholders of the outstanding shares in the PLC. To make an MTO bid, an application for Approval to Proceed (ATP) must be filed with the SEC within three business days of the triggering event. The ATP lasts for three months unless extended by the SEC.

In practice, there is currently no prescribed pricing formula for mandatory takeover bids under the SEC Rules. However, the SEC may expect the offer price to reflect a premium to the market price and be benchmarked against factors such as:

- the triggering acquisition price;
- the volume-weighted average trading price of the target company's shares over a relevant period preceding the triggering acquisition; and
- the prevailing market price at the time of the offer. The appropriate offer price is therefore typically considered on a case-by-case basis. There is also currently no specific rule prescribing the minimum number of shares that must be acquired pursuant to a mandatory takeover bid.

Nigerian Exchange Limited (NGX) Considerations

Disclosure obligations

The Rulebook of the Nigerian Exchange Limited 2015 (as amended) ("NGX Rules") imposes several disclosure obligations on listed PLCs. The NGX must be notified:

- at least seven business days before the board of directors meeting at which price-sensitive information (including changes to the voting control of a PLC or a capital restructuring exercise) is considered;
- at least one business day after receipt of approval for a transaction that may be considered price-sensitive information (including changes to the voting control of a PLC or a capital restructuring exercise);
- within at least two business days of the outcome of the board of directors meeting, whether or not an approval was received;
- within ten business days of any beneficial change in ownership of 5% or more; and
- within the timelines noted in the first two bullet points of any changes to the board of directors of the listed PLC.

Listed PLCs may, however, apply for a waiver of the obligation to disclose if premature disclosure of a transaction could jeopardise the underlying transaction.

Share transfer approvals

The NGX Rules require prior NGX approval for the transfer of shares in a listed PLC that meets certain thresholds. Such transfers are effected through two mechanisms, namely, block divestments and large volume trades. The major distinction between these two mechanisms is the quantum of shares in the PLC to be bought by the acquirer.

A trade will be treated as a block divestment requiring the prior approval of the NGX where it involves:

- a transfer of shares representing 30% or more of a company's total listed shares where the acquirer intends to obtain control of the listed company;
- an acquisition of additional shares by an existing shareholder that increases its total shareholding to 30% or more of the company's listed shares and results in a change of control; or
- a transfer of less than 30% of a company's listed shares that nonetheless results in a material change in the board composition and/or management of the listed company.

Large volume trades

A trade will be treated as a large volume trade requiring the prior approval of the NGX where it involves:

- a transfer of shares amounting to 5% or more but less than 30% of a listed PLC's total listed equities;
- at least eighty million units, but less than 30% of a PLC's total listed shares; or
- a trade valued at or above NGN800 million, but less than 30% of the PLC's total listed shares.

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Competition/Anti-trust Considerations

The Federal Competition and Consumer Protection Commission (FCCPC) regulates mergers and acquisitions in Nigeria pursuant to the Federal Competition and Consumer Protection Act 2018 (FCCPA). A merger occurs when one or more undertakings directly or indirectly acquires or establishes direct or indirect control over the whole or part of the business of another undertaking. A merger could be deemed to have occurred where there is:

- a purchase or lease of shares or assets, or an interest in shares or assets, of another undertaking;
- an amalgamation or other combination of one undertaking with another undertaking; or
- a joint venture.

Under the FCCPA and its subsidiary legislation, including the FCCPC Merger Review Regulations 2020, the FCCPC's approval is required where a transaction will:

- result in a direct or indirect change of control of the whole or part of the business or any asset of a business in Nigeria ("control test"); and
- exceed the relevant thresholds for a large merger (ie, where the combined annual turnover of the parties to the asset transfer in, into or from Nigeria in the preceding year is NGN1 billion or more, or the annual turnover of the target in the preceding year is NGN500 million or more ("turnover test").

Control is generally deemed where an entity owns more than 50% of the issued share capital or assets of another company. Furthermore, the acquisition of shareholding or voting rights above 25% of the share capital of a company confers upon an acquirer a rebuttable presumption of the ability to materially influence, and thereby control, the company.

However, the FCCPC inputs a rebuttable presumption of "no control" where an entity owns 15% or less of another entity, subject to the existence of other mechanisms that confer control.

Given the above, the acquisition of a PLC would require the approval of the FCCPC, in addition to the approvals of the SEC and NGX (as applicable) where the transaction results in a change of control and the applicable turnover thresholds under the FCCPA are satisfied.

Sector-Specific Regulatory Approvals

Certain sectors in Nigeria are subject to additional sector-specific approval requirements, beyond the general approvals outlined above. The applicability of these requirements depends on the industry in which the target PLC operates. For instance, the following sectors require prior approval of the relevant regulators.

- Aviation – requires a notification to the Nigerian Civil Aviation Authority for mergers, takeovers and joint ventures.
- Electricity – requires prior approval from the Nigerian Electricity Regulatory Commission for acquisitions of up to 5% of the issued shares of the company.
- Telecommunications – requires prior approval from the Nigerian Communications Commission for acquisitions of more than 10% of the shares of a licensee.
- Oil & Gas – requires approval from the Nigerian Upstream Petroleum Regulatory Commission and Minister of Petroleum for acquisitions of oil and gas companies in upstream operations; and from the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) for acquisitions of oil and gas companies in downstream operations.
- Pension Funds – requires prior consent from the National Pension Commission for any change in shareholder structure.
- Banking – requires prior approval from the Central Bank of Nigeria for mergers, reconstructions or acquisitions involving financial institutions.
- Insurance – requires prior approval from the National Insurance Commission for mergers, restructuring and acquisitions involving insurance companies.

Accordingly, parties to mergers and acquisitions in regulated sectors must ensure compliance not only with general merger control requirements but also with applicable sector-specific approval regimes.

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Foreign Exchange Considerations

Pursuant to Section 15 of the Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 2004 (FEMM Act) a foreign investor may invest in a Nigerian company by importing foreign currency through an authorised dealer (ie, a Nigerian commercial bank licensed to deal in foreign exchange) and converting it into naira in the Nigerian foreign exchange market ("FX market") in accordance with applicable regulations.

Where capital is imported in this manner, the authorised dealer is required to issue an electronic Certificate of Capital Importation (CCI) as evidence of the inflow within 24 hours of the foreign investment being brought into Nigeria and converted into naira.

CCIs are a critical instrument for foreign investors because they confer statutory rights of transferability and repatriation. In particular, a valid CCI entitles the holder to repatriate capital, dividends and other investment proceeds through the official FX market, subject to applicable regulations.

While failure to obtain a CCI is not, in itself, an offence under Nigerian law, the absence of a valid CCI has significant commercial and structuring implications. Where an investor does not hold a CCI, the investor will be unable to access the official FX market to repatriate dividends or capital. In such circumstances, repatriation may be constrained, delayed or dependent on alternative FX sources which may be uncertain or unavailable.

Accordingly, from a transaction structuring and risk allocation perspective, foreign investors must carefully assess whether CCIs exist in respect of historical equity investments, and whether such CCIs remain valid and transferable. The presence or absence of CCIs can directly impact the flow of funds and dividend repatriation and, in some cases, the manner in which transaction consideration is funded or settled.

Tax Considerations

The NTA imposes capital gains tax (CGT) on gains realised from the disposal of chargeable assets, including shares in public companies. Both resident and non-resident investors must consider their potential CGT exposure.

Resident companies are taxed on worldwide disposals, while non-resident entities are liable only in respect of gains relating to:

- a trade, business, profession or vocation carried on by the non-resident person in Nigeria;
- any asset located in Nigeria; and
- any asset deemed to be located in Nigeria under the NTA.

Before the enactment of the NTA, CGT was levied at a flat rate of 10%, but the NTA now aligns CGT with the corporate income tax (CIT) framework, treating gains as ordinary income taxed at 30%. For investors acquiring a PLC, this represents a material shift. The purchase price, shareholding structure and financing arrangements may all influence the ultimate tax liability.

Notwithstanding the above, the NTA provides exemptions on share disposals, particularly those relevant to portfolio and strategic investors:

- gains from share disposals are exempt if total proceeds do not exceed NGN150 million and the gain does not exceed NGN10 million within any 12 month period; and
- gains are also exempt if the proceeds are fully reinvested in shares of the same or another Nigerian company in the same year. Partial reinvestment triggers CGT only on the non-reinvested portion.

The NTA also extends CGT to indirect transfers of shares and other interests that derive value from Nigerian assets. Under Section 47 of the NTA, gains from an offshore disposal by a non-resident are chargeable where the disposal results in a change in:

- the ownership structure or group membership of any Nigerian company; or
- ownership of, title in, or interest in any asset located in Nigeria.

Further, Section 46 (f) of the NTA deems shares or securities in a foreign entity to be located in Nigeria if, during the 365 days preceding the disposal, more than 50% of their value is derived, whether directly or indirectly, through one or more interposed entities that result in a change of ownership in a Nigerian company.

As a result, Nigeria may tax offshore share disposals where the 50% value threshold and the 365-day condition are met, and the disposal triggers a change in the ownership structure or group membership of a Nigerian company or a change in the ownership of title, or interest, in any asset located in Nigeria.

Post-Transaction Filings at the CAC

PSC filings

Under the Companies and Allied Matters Act 2020 (as amended) (CAMA), any person with significant control (PSC) must notify the target company within 14 days of becoming a PSC. The company must thereafter file the PSC details with the Corporate Affairs Commission (CAC) within one month from receipt of the PSC notice.

A PSC includes any individual:

- directly or indirectly holding 5% interest in shares or the voting rights of a company;
- with the right to exercise significant influence or control over the company's activities; or
- with the right to remove or appoint the majority of the directors or partners of the company.

In an acquisition of a PLC, the ultimate beneficiaries behind an acquiring entity may be disclosed as PSCs to the target PLC for timely filings with the CAC.

Share transfer filings

Finally, where the acquisition structure results in the change of shareholders in the PLC's register of members, this change is to be filed at the CAC to ensure that the PLC's records at the CAC are up to date. The register of members, which is usually maintained by the company secretary or the registrars of a PLC, also has to be updated as it serves as prima facie evidence of title to shares.

To make this filing at the CAC, the instrument of transfer (ie, the share transfer form) and the relevant resolution(s) approving the transfer are filed within 15 days from the date of the resolution approving the share transfer. Failure to make this filing attracts daily administrative penalties.

Conclusion

Acquiring a public company in Nigeria involves multiple regulatory regimes. A clear understanding of:

- competition law;
- takeover obligations;
- NGX disclosures;
- sector-specific approvals;
- FX rules;
- tax obligations; and
- other post-transaction corporate filings,

is critical to structuring a compliant, efficient and commercially viable transaction. Investors and advisors should carefully plan the transaction timeline, engage regulators early where necessary, and ensure that both pre-closing approvals and post-closing filings are completed promptly.

CHAMBERS GLOBAL PRACTICE GUIDES