



**NSB**

NIGERIA  
STARTUP BILL

**Toolkit**

# Table of Contents

- About the Bill
- Main objectives of the Bill
- The NSB's provisions



The Council for Digital Innovation and Entrepreneurship

The Startup Support and Engagement Portal

Startup Labelling

Startup Investment Seed Fund

Training Capacity Building and Legislation

Tax & Fiscal Incentives

Regulation Support

Accelerators & Incubators

Clusters, Hubs, Innovation Parks, Technology Development Zones

# About the Bill

The Nigeria Startup Bill project is a joint initiative by Nigeria's tech startup ecosystem and the Presidency to harness the potential of our digital economy through co-created regulations.

The Bill will ensure that Nigeria's laws and regulations are clear, planned and work for the tech ecosystem. This, we believe, will contribute to the creation of an enabling environment for growth, attraction and protection of investment in tech startups.

Since its inception in 2021 following President Muhammadu Buhari's speech, there have been several focus groups and townhalls across different regions, learning series engagements, state rallies, and roundtable discussions all aimed at getting the inputs of stakeholders from different backgrounds and regions within the country.

Following President Muhammadu Buhari's speech, the Nigeria Startup Bill has taken a big tent approach by holding several focus groups and townhalls across different regions, learning series engagements, state rallies, and roundtable discussions all aimed at getting the inputs of stakeholders from different backgrounds.

# Main Objectives of the Bill

The objective of this Act is to provide a legal and institutional framework for the development of startups in Nigeria and to;



Provide an enabling environment for the establishment, development, and operation of startups in Nigeria;



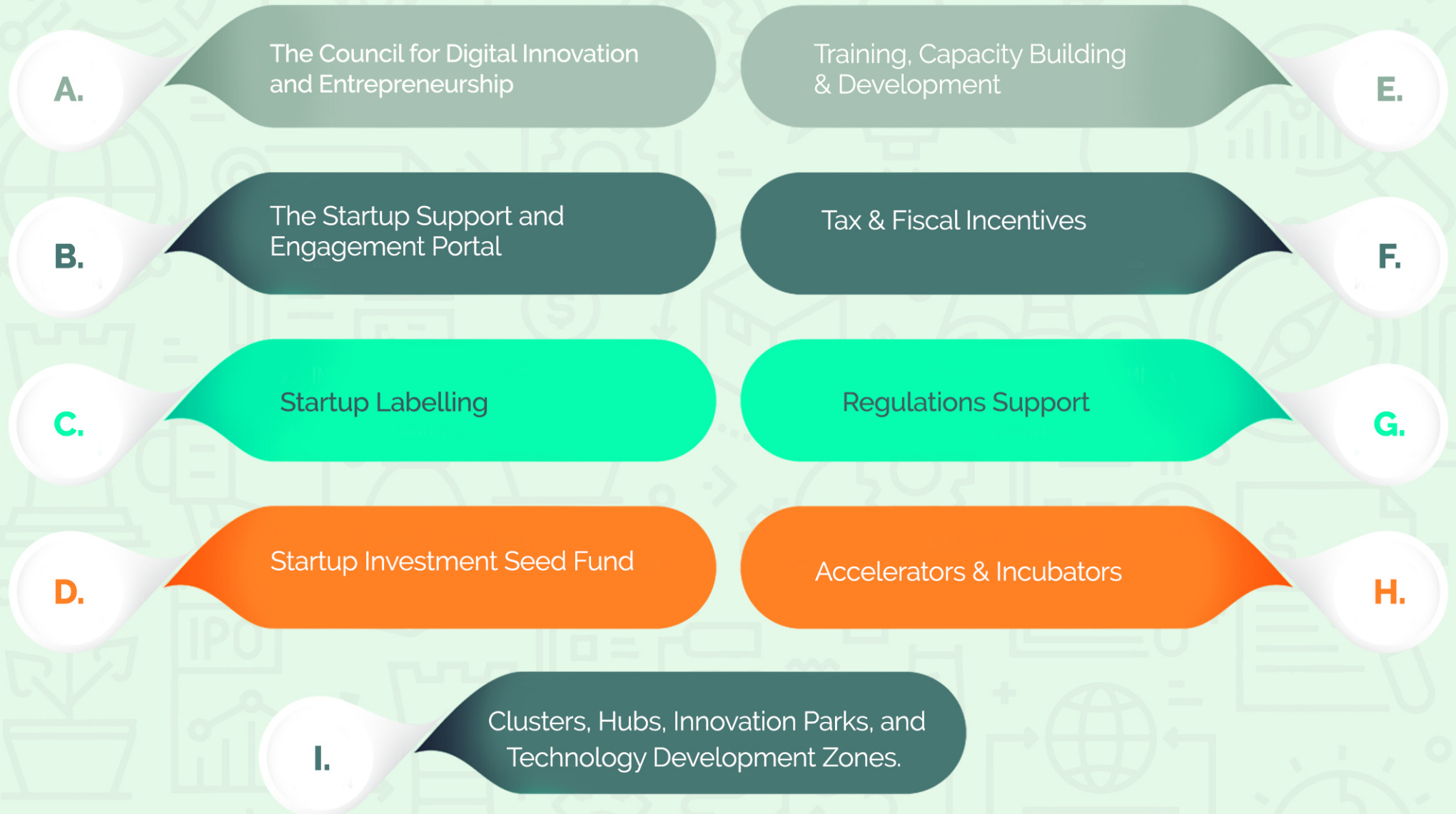
Foster the development and growth of technology-related talent; and



Position Nigeria's startup ecosystem, as the leading digital technology hub in Africa, having excellent innovators with cutting edge skills and exportable capacity.

# The NSB's Provisions

To unlock the full potential of the Nigerian ecosystem, the Startup Bill will cater to the following;



# The Council for Digital Innovation and Entrepreneurship

There is established a Council known as the National Council for Digital Innovation and Entrepreneurship.

**The Council shall be a corporate body:**

**A.**

With perpetual succession and a common seal;

**B.**

which may sue or be sued in its corporate name; and

**C.**

which may acquire, hold, purchase, mortgage, and deal howsoever with property, movable or immovable, real or personal

# Members of the Council

## Members of the Council

1. The President of the Federal Republic of Nigeria (Chairman)
2. The Vice-President of the Federal Republic of Nigeria (Alternate Chairman)
3. The Honourable Minister responsible for Communications and Digital Economy (Vice-Chairman)
4. The Honourable Minister responsible for Finance, Budget and National Planning
5. The Honourable Minister responsible for Industry, Trade and Investment
6. The Honourable Minister responsible for Science, Technology, and Innovation
7. The Governor of the Central Bank of Nigeria
8. 3 representatives of the Startup Consultative Forum
9. 2 representatives from the Nigeria Computer Society
10. The Director-General of the National Information Technology Development Agency (Secretary)

# Functions of the Council

- Formulate and provide general policy guidelines for the realization of the objectives of the Startup Act.
- Give overall direction for the harmonisation of laws and regulations that affect a startup
- Approve the programmes of the Secretariat established under this Act
- Ensure the monitoring and evaluation of the regulatory framework to encourage the development of startups in Nigeria
- Monitor and ensure the implementation of the policies and programmes of the Secretariat
- Support digital technological development through grants to persons, research institutions, and universities pursuing postgraduate programs in the areas of science, technology, and innovation.
- Make, alter or revoke rules and regulations for carrying out the functions of the Secretariat, subject to the provisions of this Act.
- Appoint a council agent to carry out such functions as the Council may require.

## Powers of the Council

- Examine MDA regulations and directives that may impact a startup's functioning, formation, and funding.
- Regulate and create standing orders for its meetings, notifications, and minutes.

# The Startup Support and Engagement Portal

The Startup Support and Engagement Portal is a portal authorised by the Council to allow startups to register with appropriate Ministries, Departments, and Agencies.

## Functions of the Startup Portal

- Facilitate the issuance of a permit or licence to a labelled startup
- Provide a platform for interaction between a startup and the Federal Government, private institutions, angel investors, venture capitalists, incubators, accelerators, and other relevant institutions
- Create opportunities for a startup to participate in beneficial challenges and programs including, incubation and accelerator programs, showcases, pitch competitions, fellowships, and other related programs
- Foster access of a startup to finance, information, innovation, and the global market
- Foster information exchange between various stakeholders In the Nigerian startup ecosystem
- Provide access to tools and resources to a startup
- Provide assistance to a startup labelled under this Act;
- Provide information on clearances, approvals and registration requirements by a startup
- Provide opportunities for a startup to enter into contracts with the Federal Government, through public procurement or other engagement processes;
- Receive complaints and recommendations from industry stakeholders and the general public;
- Serve as a platform for announcement and application of various schemes and incentives granted to a startup by the Federal Government; and perform such other duties, as may be required by the Council or the Secretariat from time to time

# The Startup Consultation Forum

The Startup Consultative Forum shall be a consultative body on the Startup Portal to provide a platform for information sharing and collaboration in the Nigerian startup ecosystem with respect to:

- Information on a startup that qualifies to be labelled under this Act;
- Relevant incentives that apply to a startup;
- Information on available local capabilities;
- Nomination of representatives to the Council;
- Deliberations on memorandum to be sent to Council for consideration; and
- Other policy proposals that may be relevant to the Nigerian startup ecosystem.

## Members of the Forum.

The Forum shall comprise of industry stakeholders and representatives registered on the Startup Portal:

- Labelled startups;
- Venture capitalists;
- Angel investors;
- The Nigeria Computer Society;
- Incubation, accelerators, and innovation hubs; and two civil society organisations involved in the advancement of technology and innovation.

## Startup Labelling

The proposed Startup Bill is designed for labelled startups which fulfill the following eligibility requirements;

- It is registered as a limited liability company under the Companies and Allied Matters Act 2020, and has been in existence for a period of not more than 10 years from the date of incorporation
- Its objects are innovation, development, production, improvement, and commercialisation of a digital technology innovative product or process;
- It is a holder or repository of a product or process of digital technology, or the owner or author of a registered software;
- It has at least 51% of its shares held by one or more Nigerians.

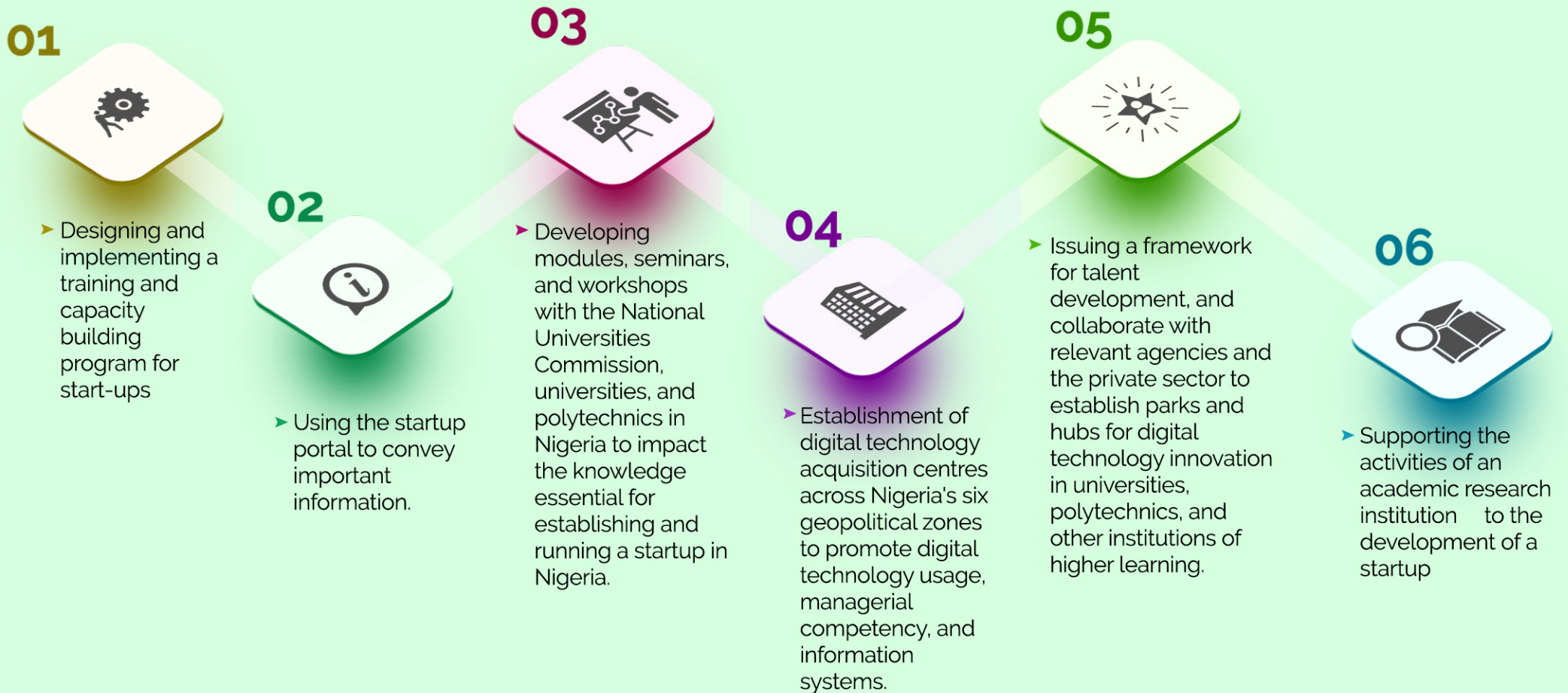
## Startup Investment Seed Fund

The Startup Investment Seed Fund is to be managed by the Nigeria Sovereign Investment Authority, and will be used to:

- provide a labelled startup with finance;
- provide early-stage finance for recommended labelled startup; and
- provide relief to technology laboratories, accelerators, incubators and hubs.

# Training, Capacity Building & Development

The Bill makes provisions for training and developing talents within the ecosystem by:



# Tax & Fiscal Incentives

Within the NSB, there are tax and fiscal incentives that target

1.

Labelled  
Startups

2.

Investors investing  
in labelled startups

3.

Employees of  
labelled startups

4.

External service  
providers of labelled  
startups

## **1. Incentives for a labelled startup under the Pioneer Status Incentive Scheme**

- A labelled startup, which falls within industries captured under the extant Pioneer Status Incentives(PSI) Scheme may apply to the Nigerian Investment Promotion Commission (NIPC) for the grant of the tax reliefs and incentives under the PSI Scheme.
- Labeled startups with at least 10 employees, 60% of whom have no work experience, and within three years of graduating from school or any vocation,are entitled to tax breaks from income taxes will get 5% tax break on their assessable profits.
- Access export incentives and financial assistance from the Export Development Fund, Export Expansion grant and the Export Adjustment Scheme Fund.
- Access to Government grants, loans, and facilities.
- Access to financial support through a credit guarantee scheme

## **2. Incentives and reliefs for investors investing in a labelled startup**

- Investors shall be entitled to an investment tax credit equivalent to 30% of the investment in labelled startups.
- Capital gains tax shall not be charged on gains that accrue from the disposal of assets by an investor with respect to a labelled startup.

## **3. Tax incentives for employees of a labelled startup**

- Eligible employees of labelled startups shall be entitled to personal income tax exemptions of 35% for two years.

## **4. Tax incentives for external service providers**

- Foreign service providers shall be subjected to 5% withholding tax on income derived from the provision of services to labelled startups.

# Regulations Support

The NSB will provide regulatory support to labelled startups in the following areas;

- Support with the Corporate Affairs Commission by designating a separate section on the Startup Portal to ease the processes for labelled startups that conduct transactions at the Commission.
- Protection of Intellectual Property Rights through collaboration with the Nigerian Copyright Commission and the Trademarks, Patent, and Design Registries
- Provide recommendations and proposals to SEC and collaborate towards ensuring that there are rules that fast-track crowd funding processes for labelled startups.
- Collaborate with NOTAP in ensuring that technology transfer registrations and other related activities are seamless and expedited and in accordance with the provisions of this Act.
- Designate a separate section on the Startup Portal to ease the licensing procedures for fintech startups.
- Ensure that fintech startups have the chance to talk to the SEC and the CBN through interactive sessions moderated by the Startup Portal and other places.
- Ensure that fintech startups are aware of new rules and regulations that affect them before they are issued.
- Encourage and support labelled startups that seek to be listed on the Nigerian Exchange Limited (NGX), or on similar stock and commodity exchanges operating in Nigeria, and grant them incentives that aid their growth and development. Accelerators & Incubators
- Provision of accelerator and incubator programmes
- Provision of incentives for accelerators and incubators Clusters, Hubs, Innovation Parks, and Technology Development Zones.
- Establishment and operation of startup innovation clusters, hubs, physical and virtual innovation parks in each state of the Federation.
- Collaborate with the Nigeria Export Processing Zones Authority (NEPZA) to establish a Technology Development Zone in Nigeria to spur the growth and development of startups, accelerators, and incubators through incentives.

## STAY IN TOUCH

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**Facebook:** [The Nigeria Startup Bill](https://www.facebook.com/the-nigeria-startup-bill)

**YouTube:** [Nigeria Startup Bill](https://www.youtube.com/channel/UC18885011) | **Clubhouse:** [Nigeria Startup Bill](https://www.clubhouse.com/@startupbillng)