Startup Compliance Checklist (NIGERIA)

A Practical Legal Roadmap for Founders and Growing Businesses

August 2026

Introduction

Every successful business is built on more than a great idea. It requires a solid legal and regulatory foundation that enables the business to operate lawfully, attract investment, protect its assets, and scale sustainably. Legal compliance should be viewed as a strategic business tool rather than an administrative burden. Implementing sound legal and governance practices from the outset helps founders minimise risk, attract investment, protect intellectual property, strengthen governance and prepare the business for sustainable growth.

Why Compliance Matters

Investors, lenders, regulators and commercial partners increasingly undertake legal due diligence before engaging with startups. A company with proper governance structures, regulatory registrations, employment documentation and intellectual property protection is more likely to secure investment and commercial opportunities.

Understanding the Startup Compliance Journey

Compliance evolves throughout the life of a business. Founders should proactively implement compliance measures at each stage rather than waiting until problems arise.

Stage	Primary Focus
1. Ideation Stage	Protecting the idea and selecting a business structure
2. Incorporation	Creating the legal entity

3. Early Operations	Governance and regulatory compliance
4. Growth	Strengthening systems and protecting assets
5. Investment Readiness	Preparing for legal due diligence

Stage One: Choosing the Appropriate Business Structure

Founders should choose a structure that aligns with the nature and growth ambitions of the business. While a Business Name may suit a small sole proprietorship, a Company Limited by Shares under the Companies and Allied Matters Act 2020 is generally more suitable for startups seeking investment, limiting liability and establishing robust governance.

- Consider future fundraising needs.
- Understand the implications of limited liability.
- Maintain separation between personal and company affairs.

Stage Two: Incorporation and Post-Incorporation Compliance

Following incorporation, founders should obtain the company's Certificate of Incorporation, Status Report, Memorandum and Articles of Association, and maintain its statutory registers, records of board and shareholder resolutions, and minutes of the board and shareholders meetings. Immediate priorities include opening a corporate bank account, obtaining tax registrations, maintaining statutory records and securing sector-specific licences where required.

- Register for relevant taxes.
- Open a corporate bank account.
- Maintain statutory registers.
- Identify industry-specific licences.

Stage Three: Corporate Governance

Corporate governance provides the framework through which a company is directed and controlled. Even early-stage startups should adopt governance documents and clear decision-making processes.

Document	Purpose
Founders' Agreement	Regulates founder relationships
Shareholders' Agreement	Protects shareholder rights
Board Charter	Defines board responsibilities
Advisory Board Charter (applicable to companies with an Advisory Board)	Defines the limits of the advisors responsibilities
Code of Conduct	Sets ethical standards
Conflict of Interest Policy	Manages conflicts
Related-party and Connected Deal Approvals Procedure	Regulates how material related-party transactions are disclosed, approved, and recorded
Whistleblowing Policy	Encourages reporting of misconduct

Stage Four: Employment Compliance

Every employee should receive a written employment contract. Employers should comply with statutory obligations relating to PAYE, pensions, employee compensation, health insurance and other applicable laws while maintaining accurate employment records.

- Issue written employment contracts.
- Document disciplinary procedures.
- Maintain employee records.
- Review statutory remittances.

Stage Five: Intellectual Property

Intellectual property is often a startup's most valuable asset. Businesses should identify, protect and properly document ownership of trademarks, software, confidential information and other intellectual property.

- Register key trademarks.
- Register copyrights.
- Use NDAs.
- Execute IP assignment agreements.
- Protect confidential and proprietary information.

Stage Six: Data Protection

Businesses processing personal data should implement measures consistent with the Nigeria Data Protection Act 2023, including privacy notices, internal policies, staff training and appropriate security safeguards.

Preparing for Investment

Investors commonly request corporate records, governance documents, employment documentation, intellectual property records and evidence of regulatory compliance during legal due diligence. Maintaining organised records significantly improves investment readiness.

Annual Compliance Calendar

Activity	Frequency
Annual Returns	Annual
Governance Review	Annual
Employment and HR Compliance Audit	Periodic
Tax Compliance	Ongoing
Financial Audit	Annual
Internal Controls & Risk Review	Annual
Data Protection Review	Annual
Licence Renewals	As Required

Contracts & Vendor Review	Periodic
Intellectual Property (Trademark, Copyright, Patent, Contractual Arrangements, etc.) Review	Periodic
Health & Safety Compliance Checks	Periodic
Regulatory Monitoring & Reporting	Ongoing

Common Compliance Mistakes

- Operating without required licences.
- Mixing personal and company finances.
- Failing to document founder relationships material ownership/control arrangements.
- Neglecting intellectual property protection requirements.
- Ignoring data protection obligations.
- Poor record keeping.
- Misclassifying workers (wrong employment status).
- Failing to comply with applicable statutory labour requirements including statutory contributions and deductions
- Failing to operate and maintain a compliant payroll
- Issuing contracts and/or invoices that do not contain the required legal terms
- Failing to adhere to mandatory procurement/authorisation processes for expenditures or related-party transactions (where applicable).

Startup Compliance Self-Assessment

- ☐ Company properly incorporated.
- ☐ Corporate records complete.
- ☐ Governance documents adopted.
- ☐ Authorised signatories and signing authority documented.
- ☐ Employment (and where applicable, contractor) contracts issued.
- ☐ Statutory obligations complied with.
- ☐ Tax and payroll obligations complied with
- ☐ Intellectual property protected and IP assignments secured.
- ☐ Privacy and data protection requirements complied with, and relevant

measures implemented.

- ☐ Basic financial controls in place (bank account separation and record keeping).
- ☐ Compliance calendar maintained.

Conclusion

Compliance is an ongoing business function. Startups that establish strong legal foundations, maintain good governance, protect their assets and regularly review compliance obligations are better positioned to attract investment, reduce legal risk and achieve sustainable growth.

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