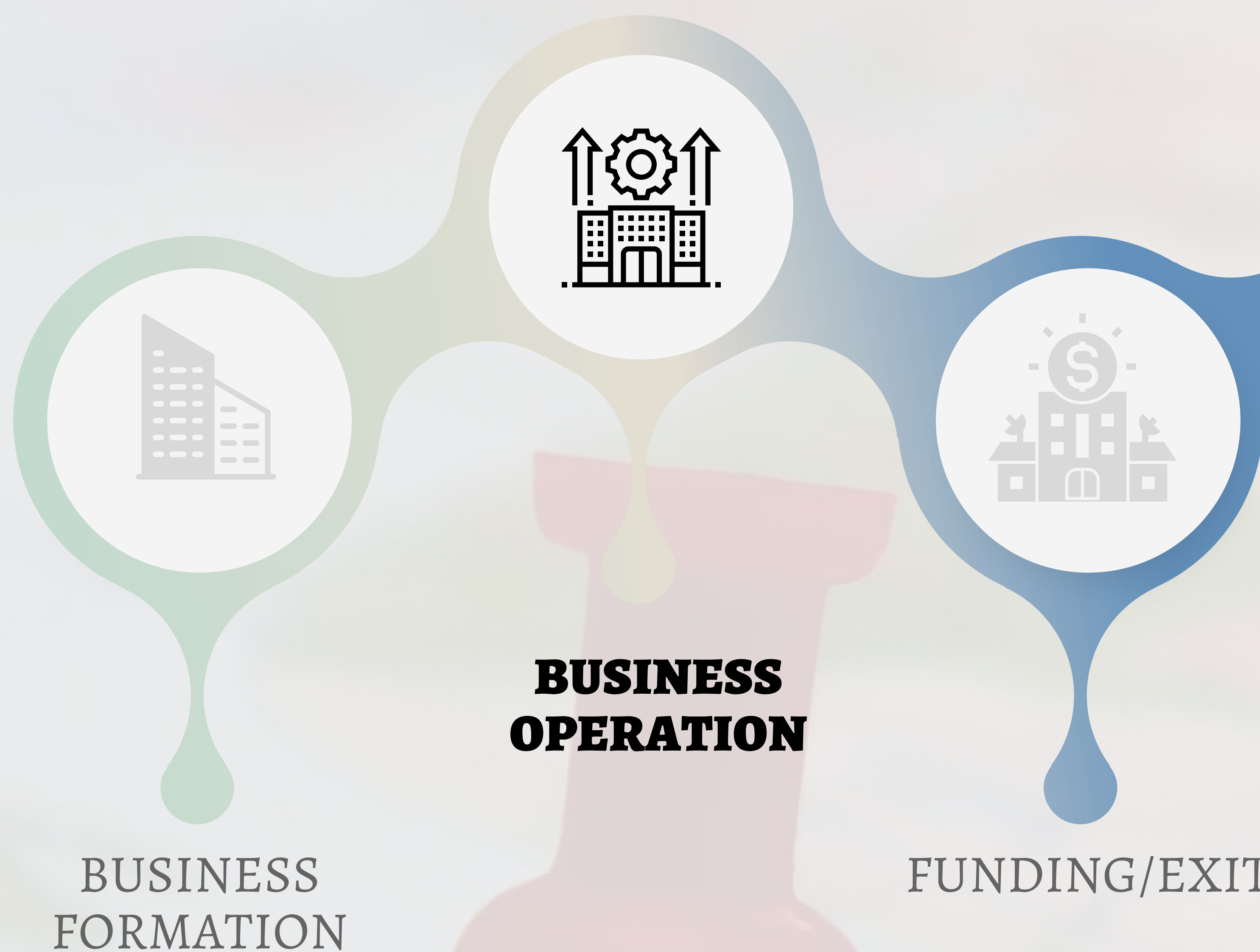


# ROADMAP FOR TECH STARTUPS LAUNCHING IN NIGERIA

(PART 2)



Detail

# Part 2 - BUSINESS OPERATION

## Getting It Right From Inception

- 1 Intellectual Property Protection:** In order to protect its IP, the tech start-up should consider registering any IP (where applicable) created by the start-up and that is important to the start-up's business operations. The tech start-up should ensure that agreements entered into with employees or independent contractors identify the status of ownership of IP created pursuant to such agreements. The tech start-up should also enter into confidentiality/non-disclosure agreements with potential investors or partners to protect its IP.



- 2 Data Protection and Privacy:** Where the tech start-up has a website, or a platform where the personal data of users might be stored or processed, it will need to prepare a Terms of Use and Privacy Policy for its website or platform. The tech start-up will also be required to comply with the Nigeria Data Protection Regulation 2019 and other applicable data protection laws.



- 3 Acquisition and Transfer of Foreign Technology:** If a tech start-up intends to transfer foreign technology or technical expertise into Nigeria, it may be required to register the agreement which facilitates the transfer of such foreign technology (e.g. Software Licence Agreement) with the National Office for Technology Acquisition and Promotion ("NOTAP"). Failure to register eligible agreements with NOTAP may result in not being able to access foreign currency from the official foreign exchange market to make the payments due under the agreement.



- 4 Tax and Fiscal Incentives:** Taxes applicable to a tech start-up will depend on the business model and sector in which it operates. General taxes applicable include: Companies Income Tax, Value Added Tax, Withholding Tax, Education Tax, P.A.Y.E, Personal Income Tax etc. Fiscal incentives could be general or industry specific. Early-stage start-ups may be exempted from Companies Income Tax or entitled to a lower rate based on its turnover. The tech start-up may also qualify for Pioneer Status and enjoy the fiscal incentives associated with the status.



- 5 Employment:** In recruiting members into the team, it is important for the tech start-up to consider if there are any regulatory requirements as to the qualifications required of directors or its officers. Further considerations include how the employees will be remunerated, if any employee benefit scheme will be implemented, applicable statutory requirements, e.g. insurance, P.A.Y.E., pension etc. and, protection of the tech start-up's Intellectual Property (IP) where the employees have regular access to important trade secrets and know-how of the tech-start-up.



## **Government Relations: Licensing and Permits**

The industry, location, personnel, and funding sources of a tech-start up are factors that will determine the type of permits, licenses or qualifications that may be required by regulatory or government agencies for the operation of the business. Some important factors are treated below:

- 1 Industry-specific permits for regulated business.** E.g. Mobile Money Licence, Switching Licence, Payment Service Bank Licence, Microfinance Bank Licence, Finance Company Licence, Crowdfunding Licence, Digital Sub-Broker Licence.



- 3 Free Trade Zones Licences:** A tech start-up which intends to operate in a free trade zone would be required to acquire the relevant license from the relevant authority/zone management.



- 2 State Licences/Permits:** E.g. Mobile Lenders License and Commercial Vehicle Operating License.

- 4 Foreign Participation Requirement:** Where there is foreign participation in terms of ownership or management, the tech start-up may need to acquire a business permit, register with the Nigeria Investment Promotion Commission where required, procure an expatriate quota and acquire any other applicable permits as may be requested by the authorities.

## Typical Documents

### Software/Mobile Application Development Agreement

01

This is an agreement between a software developer and a tech start-up for the development of the tech start-up's platform or product.

This will enable the transfer of industrial and intellectual property rights, and technical know-how from the company having ownership of the rights and possession of the knowledge to the tech start-up in Nigeria.

02

### Technology Transfer Agreement

### Service Support Level Agreement

03

This is an agreement for rendering of tech support for the tech start-up's platform or product.

This will govern the employer-employee relationship between the tech start-up and its employees.

04

### Employment Contract

### Terms of Use and Privacy Policy

05

The Terms of Use describes the rules guiding the use of the tech start-up's platform or product while the Privacy Policy explains the tech start's approach towards collection, use and management of information collected from users of its platform.

This prevents any party receiving information on the tech start-up under this agreement from disclosing it to an unauthorised third party.

06

### Non-Disclosure Agreement

### Non-Compete Agreement

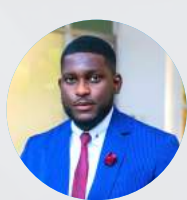
07

This is ideal for tech start-up in nascent industries and for employees who have access to the tech start-up's trade secrets and know-how.



*\*Look out for Part 3 (Funding/Exit)*

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