



REGULATORY AND COMPLIANCE REQUIREMENTS FOR FOOD BUSINESS OWNERS IN NIGERIA

The Nigerian food industry is constantly expanding and food business is currently the

“go-to” business in Nigeria. According to the National Bureau of Statistics in its May 2020 report, Nigerians spent about 22.8 Trillion Naira on food in 2019, out of which a total of 4 Trillion Naira was spent on food consumed outside the home, that is, restaurant, bars, and other food establishments.

However, the food industry like other sectors in Nigeria is highly regulated, more so because of the dangers posed to public health if proper regulations are not put in place. Therefore, it is incumbent on intending and existing business owners operating in the food industry to ensure that they are fully compliant with the applicable extant regulations to avoid punitive sanctions.

Whilst some of the regulatory agencies exist to control the activities of the enterprise itself, others are more concerned with the quality of food products sold to the public. It is important to note that regulatory requirements in this regard usually depends on the nature of the food products, and their origin, that is, whether they are locally manufactured or imported from other countries.

The focus of this article is to highlight some of the key agencies responsible for regulating to the food industry in Nigeria, both general agencies applicable to all businesses, and sector-specific agencies particularly designed for the food industry.

CORPORATE AFFAIRS COMMISSION

The Corporate Affairs Commission (CAC) is the body charged with the registration of businesses in Nigeria. According to the Companies and Allied Matters Act (CAMA), it is required that all businesses must be registered with the CAC before commencement of operations.

There are different registration options available for an intending business owner depending on their objectives for the business:

- **Business name:** The business name is registered but the business itself does not enjoy the status of a corporate personality, that is, the business and its owner are seen as one and the same person. This is the most preferred option for individuals who desire to carry on business as a sole proprietor.
- **Limited Liability Companies:** The business is registered as a separate entity from its owners. The business enjoys the rights available to a person as it can sue and be sued, own assets and incur liabilities in its own name.
- **Limited Liability Partnerships:** This is a business structure available to partners who desire to run a business/venture together but intend that the venture should be a separate entity from the partners and that their liabilities be limited as applicable to a limited liability company.
- **Limited Partnerships:** This is a business arrangement similar to the business name but is more desirable if the venture is to be run by partners rather than a sole proprietor.

FEDERAL INLAND REVENUE SERVICE (FIRS)

Registration with the FIRS is compulsory for tax remittance purposes, and usually a Tax Identification Number (TIN) will be automatically generated for a business upon registration. However, the TIN is required to be validated at relevant office of the Federal Inland Revenue Service (FIRS) to obtain a Value Added Tax (VAT) letter and the initial Tax Clearance Certificate (TCC).

STATE INTERNAL REVENUE SERVICE (SIRS)

The various State Internal Revenue Services (SIRS) are responsible for collecting income taxes levied on the monthly income of employees resident in a State under the Pay as You Earn (PAYE) scheme.

All employers are therefore mandated to register with the relevant SIRS for the purpose of remittance of income taxes deducted from the remuneration of their employees. Such income taxes are required to be remitted by the employer within six months of commencement of business.

Also note that apart from the Value Added Tax collected by the FIRS, operators in the hospitality industry in Lagos State (which traditionally include the sale of food products) are also required to deduct and remit Consumption tax at 5% of the value of the transaction to the LIRS.

LOCAL GOVERNMENT LICENSES

Local Government Councils are empowered to charge and collect specific taxes and levies, these include amongst others, on and off liquor license, radio and television license, signboard and advertisement fees.

This is particularly required where the food business is operated from an offline facility dedicated solely for that purpose, such as a Restaurants, Food shops, Bars etc.

LAGOS STATE SIGNAGE AND ADVERTISEMENT AGENCY (LASAA)

For businesses resident in Lagos, businesses are required to obtain a LASAA permit for any signage they intend to erect on their business premises. This is to determine suitable placement, and ensure that the size and display are compliant with the LASAA guidelines.

NATIONAL AGENCY FOR FOOD AND DRUG ADMINISTRATION AND CONTROL (NAFDAC)

The National Agency for Food and Drug Administration and Control (NAFDAC) is the agency charged with regulating the manufacture, importation, distribution, or sale of Food, Drug and other regulated products in Nigeria. Food business owners are therefore required to have their products registered with NAFDAC.

Registration requirements at NAFDAC differ, depending on whether the product is locally manufactured or imported.

Usually NAFDAC will inspect the facility used for production, whether in Nigeria or otherwise, as well as the production process to ensure they comply with the required standards, and upon successful registration, the products are issued a NAFDAC registration number.

Note that different food products are to be registered separately, notwithstanding that they are produced by the same company.

MANDATORY CONFORMITY ASSESSMENT PROGRAM (MANCAP)

The Mandatory Conformity Assessment Programme (MANCAP) is a mandatory product certification scheme put in place by Standards Organisation of Nigeria (SON) to ensure that all locally manufactured products in the country conform to the relevant Nigerian Industrial Standards (NIS) before same are presented for sale in the market or exported.

Products which meet the requirement of the relevant NIS will be issued a MANCAP certificate and a MANCAP logo which bears its unique number.

CONCLUSION

A knowledge of the regulatory agencies applicable to the food industry in Nigeria is a step in the right direction, however only actual compliance with the applicable requirements will save a business from punitive sanctions. It therefore behooves on every business owner to do their research and ensure that they are in the good books of the law, as ignorance will not be an excuse.

However, it is undeniable that achieving full compliance is no easy feat, and it is advisable to enlist the services of skilled consultants who have experience with regulatory and compliance matters for proper advice on the requirements and other relevant information, and possibly provide any support required in this regard.

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