

Updated Requirements for The Registration Of Technology Transfer Agreements

1. NOTAP registers technology transfer agreement in the following sectors:
2. Manufacturing
3. Information and Communication Technology (ICT)
4. Finance & Insurance
5. Hotels and Restaurant
6. Oil and Gas
7. Civil Construction
8. Agriculture/Forestry
9. Transport & Logistics
10. Franchising
11. Power and Energy
12. Mining & Quarry
13. etc
14. Agreements are registered in these sectors in the following titles:
15. Technical Know-How
16. Technical Know-How & Management Services
17. Technical Services
18. Consultancy
19. Management Services
20. Software License
21. Value Added Services
22. Trademark License
23. R&D
24. Franchise
25. Hotel Management Agreement
26. Consultancy and Technical Know-How
27. 2a. Technical Know-How Agreement
28. This is usually the type of agreement registered in the manufacturing sector for the provision of skills, knowledge, and information, raw materials sourcing and processing for manufacturing of products. The agreement is usually registered for 3 years in consideration of period of earning turnover or profit from the company. The technology fee is usually based on percentage of turnover and ranges between 1-5% of Net Sales. It may be renewable subsequently for periods of 3 years at a time.
29. General requirement of registration of Technical Know-How Agreement:
30. The company must be involved in manufacturing in Nigeria
31. The agreement must be for products produced in Nigeria.
32. Company involved in sales of imported finished products are not eligible for applying for registration of agreements in Nigeria.
33. The transferee must demonstrate physical presence of a factory in Nigeria
34. Payment of requisite NOTAP's fees such as presentation, registration and penalty (if applicable) for late submission.
35. Documentation Requirement:

36. Companies seeking to register Technology Know-How agreement should submit:
37. Two copies of technology transfer agreement whose scope clearly spells out in sector oriented technical terms the services to be rendered by both parties involved in the agreement. Generic scope of services is not acceptable.
38. Two copies of completed NOTAP forms (Questionnaire and Application forms)
39. Memorandum and Article of Association of the company
40. Profile of the foreign company
41. TIN and Tax clearance Certificate
42. Audited accounts for the last 3 years
43. Turnover and profit of locally manufactured goods covered by the agreement.
44. Evidence of capital importation where applicable.
45. All agreements submitted to NOTAP are subject to pre-approval and/or post approval monitoring visit to the company. The visits are at the discretion of the Office.
46. iii Technical Know-How agreement is renewable upon submission of:
47. Validated agreement whose scope is a modified version of the expired one with inclusion of new technologies, developments and expansion programs that will guarantee the renewal
48. Evidence of full remittance of the previous approved fee
49. Tax clearance certificate for the last three (3) years
50. Audited Account for the last three years
51. Duly completed NOTAP forms
52. Extension of Certificates
53. In the event that the approved fee is not fully remitted before the expiration of the agreement, company should seek for the extension of the certificate for the purpose of remitting the outstanding fee. Company should therefore submit:
54. An addendum that states the outstanding amount and the validity period (not more than one year)
55. 2 (b) Technical Management Services Agreement
56. This type of agreement is allowed in the manufacturing sector and involves services that are related to the day-to-day management of the factory by the expatriates to ensure that the business is profitable and that the products meet the international standards of the transferor. The agreement is approved at Profit before tax (PBT) with value ranging from 1% -5% PBT. The scope of the agreement must clearly state the roles of foreign party (licensor).
57. Application requirements
58. This involves submission of Management services agreement. All other requirements/conditions in Technical know-how agreement are applicable
59. 2(c) Technical Services Agreement
60. This is an agreement for short-time services (maximum of 6 months) within which the expatriate comes to render specific services in a project/contract for a short period. Payment in this type of agreement is usually based on per diem basis.
61. NOTAP requires that the entry and exit documents stamped by Nigeria Immigration Services be provided and the per diem rate be used to compute the technology fee. The type of agreement required is a Technical Services Agreement plus other items in 2(a) above. Renewal of Technical Service agreement is not usually desirable, but duration of work can be extended with justifiable documentation.
62. 2(d) Consultancy Services Agreement
63. This is a type of agreement entered into when a certain part of a contract/project is handled by a consultant whose payment will also be a certain portion of the contract sum. Depending on the

type of contract on which the consultancy agreement is entered, the duration of the agreement mostly ends with the contract duration. In other words, the duration of service in consultancy agreement is usually longer than that of Technical Service agreement. NOTAP approves a fee not more than 5% of the entire project cost as consultancy fee. The upper limit is reserved for complex projects. The agreement usually has local and foreign component of fees. In this case, the foreign components are usually approved as lump-sum.

64. Application requirements:
65. Consultancy Agreement between the parties
66. Profile of the foreign consultant
67. Evidence of involvement of local companies in the execution of the contract
68. Project status report
69. Letter of offer of contract and Acceptance Letter
70. Invoice for payment The rule for extension of certificate as indicated above applies except that companies in addition should submit:
71. Status report
72. Invoice for outstanding payment
73. New program for completion
74. 2(e) Technical know-How and Management Services (Composite Agreement)
75. A composite agreement can be a combination of two titles such as Technical Knowhow and Management Services, Consultancy & Technical, etc. NOTAP approves composite agreements such as Technical Know-How and Management Services agreement in the Manufacturing Sector. The conditions and application remain the same with know-how and Management service agreement.
76. 2(f) Software License Agreement
77. This type of agreement involves the deployment and/or resale of software products in any desired sector of the economy. It can be entered into between an end-user and an original equipment manufacturer (OEM) or between end-user and local representative of the OEM. When the agreement is between regional representative of the OEM and a local vendor it is a Reseller agreement. All Payments are usually in lump-sum.
78. -Payment for Software license is 1 – 3 years depending on the scope of the service.
79. -Payment of Annual Technical Support (ATS) fee.
80. Payment of the ATS fee should commence after the first year of implementation of the Software License Agreement
81. Approval Requirements
82. Submission of software license agreement or reseller agreement as the case may be
83. Provision of evidence of appointment of local software company (vendor) or an accredited Reseller in case of Reseller Agreement
84. Submission of authorisation letter from distributor in the case of reseller agreement.
85. Evidence of appointment of a local vendor (in the case of agreement between OEM or regional representative of OEM and end user)
86. Invoices for payment
87. Evidence of offer of contract by end-user(s)
88. Software License Fee
There are different types of fees are usually approved for Software License Agreements depending on the components of the agreement and based on international standards and practices. The fees are:

89. Software License Fee: A lump sum depending on the type of software product, the number of end users and the prevailing rates of fees for similar products by the same licensor in the industry where the software is to be used
90. Implementation Fee: A lump sum depending on the obligations to be rendered by the licensor e.g. whether the implementation involves any or a combination of customization, upgrading, training etc.
91. Annual Technical Support/ Upgrade fee: A fee not exceeding 23% of the Software License fee. The payment of the fee should commence after the first year of implementation of the agreement. A local vendor must be appointed and be involved in the implementation of the agreement. A local vendor must be appointed and be involved in the implementation of a software License Agreement and must be paid a minimum of 40% of the Annual Technical Support Fee in Naira. Evidence of Payment made to the Local vendor should also be submitted.
92. 2(g) Value Added Services Agreement
93. This is the type of agreement entered by IT companies in Nigeria and foreign technical partners to render some specific IT Services to telecom companies to enhance their services delivery to their subscribers. Payment for these services is based on invoices attached to the agreement and subject to monitoring of the project sites where the software are deployed. The duration is usually one (1) Year.
94. Application Requirements
95. Valued Services Agreement between the parties
96. Evidence of offer of contract by a local Telecom company the scope of which is explicit on the services to be rendered
97. Invoices for the payment
98. Other documents as required in Know-How Agreement
99. 2(h) Trademark License
100. This is a type of agreement to protect and pay royalty on the trade name, Trademark and good will of a mark deployed in the sales of manufactured goods in Nigeria. It is strictly allowed in locally manufactured goods.
101. The condition for Trademark agreement is that the mark must be internationally and locally registered and should have an inherent know-how. Payment for Trademark is 0.5% Net Sales. The company seeking for registration of Trademark must not be owned more than 75% by the transferor or an affiliate company. It is usually registered for 3 years but renewable.
102. Application Requirements:
103. A trademark License
104. Net sales of locally manufactured goods that is covered by the trademark
105. Ownership structure of the company
106. Evidence of registration of trademark locally and internationally.
107. All other documents as contained in the Know-How agreement
108. 2(i) R & D Agreement
109. This is an aspect of know-how agreement in the manufacturing sector which allows for a minimum of 0.5 -1% Net Sales as technical fee for Research and Development that may lead to new product development in situation where it is not preconceived in the Technical Know How agreement. Its documentation procedure is the same as that of Technical know-How. However the R&D Agreement should have a scope that is explicit on the R&D activities, process and procedure for arriving at the end result of the research. Furthermore, part of the R&D cost must be spent in Nigerian R&D institutions.
110. Application requirement

111. R&D Agreement plus other requirements as contained in Technical Know-How.
112. 2 (j) Franchise Agreement
113. Franchise agreement is a technology transfer agreement in which tested business model operations of a company is licensed. A franchise agreement is usually accompanied by different types of proprietary rights including know-how, Training, Operating Manuals, etc. A franchise agreement can be approved in departmental stores, manufacturing and Hotel business. It contains trade names that are unique, makes in the business model. In the case of departmental stores (Retail shops), there must be evidence of the local sourcing of the raw materials from local producers. A Training manual must also be submitted with the agreement.
114. The fees approvable are:
115. Initial/Basic fee: A lump sum (to be reasonably fixed),
116. Franchise/Continuing fee: 0.5%- 2% of net Sales or revenue,
117. Marketing/Advertising fee: 1% of net sales or revenue.
118. Registration Requirement:
119. A franchise agreement and other relevant documents as in Know-how agreements are required.
120. 2(k). Hotel Management Agreement
121. This is the agreement registered for the management and running of hotels. It normally has duration of 5 years in the first instance and subject to renewal. It registers the Intellectual Property Rights of the management including trade name. The fee approvable is License fee, which is either Lump sum of 1-2% of Net Sales; Marketing fee (or Reservation/advertising fee) 1-2% of turnover and management Incentive fee 8-10% GDP.
122. Registration Requirements
123. Hotel Management Services Agreement
124. All other documents as in Technical Know-How agreement
- 125.3. Post Registration Activities of NOTAP
- 126.(a) Confirmation of Reasonableness:
127. Payments using NOTAP certificates require that the remitting banks seek the confirmation or otherwise of the fees and agreements submitted to them by their clients (companies) according to CBN guidelines on Foreign Exchange remittance. Such request for confirmation should be accompanied with:
128. Photocopy of NOTAP Certificate of Registration
129. Photocopy of Agreement registered (with the stamped invoices if any)
130. Demand note from the company to the bank
131. Forwarding letter from the bank to NOTAP stating the amount their client seek to remit out of the approved fee
132. Confirmation of the entire fees at once may be allowed for some lumpsum approval.
133. (b) Payment of Extension fee
134. Fees payable to NOTAP for the extension of the certificate vary according to the number of extensions and the percentage for the fee that is outstanding. For 2nd extensions and above, company are expected to pay full registration fee on the outstanding balance while first extension fee is N100,000. Extension is not automatic especially when the period is time-barred.
135. (c) Addendum
136. For all extension of certificates for the payment of outstanding fees, companies are to submit addendum that contains the title, new duration, the outstanding amount to be remitted and names and signatories of parties involved in the agreement.
137. Note: For more information, please consult the following materials:

138. NOTAP's Revised Guidelines for the Registration and Monitoring of Technology Transfer Agreements in Nigeria
139. Manual and the basic requirements and procedures for Registration and Monitoring of Technology Transfer Agreements.
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