



REGISTERING AND FORMALISING A SMALL BUSINESS IN SIERRA LEONE

Supporting Informal Enterprises Transition towards
Sustainable Growth and Formalization in the African,
Caribbean and Pacific Regions

A Starter Guide for Entrepreneurs



INTRODUCTION

Starting a business in Sierra Leone is a powerful step toward financial independence. To operate successfully and grow, your business must be formalised-meaning it is legally registered, compliant with regulations, and connected to the financial system and positioned for growth.

This guide explains the key institutions and steps involved:

- **Business registration**
- **Local licensing**
- **Tax compliance**
- **Social security**
- **Business banking**

BUSINESS REGISTRATION STEPS AT A GLANCE

1. Choose a business type
2. Reserve a business name at Business Facilitation and Corporate Affairs (formerly CAC) - NIB
3. Register the business (Business Facilitation and Corporate Affairs (BFCA) NIB
4. Get the business municipal license (City Council)
5. Register for tax (NRA)
6. Register employees (NASSIT, if needed)
7. Open bank account



BUSINESS REGISTRATION MAP

STEP 1: DECIDE YOUR BUSINESS STRUCTURE

Choose the right structure for your business:



SOLE PROPRIETORSHIP:

A sole proprietorship is a business owned and operated by a single person, with no legal separation between the owner and the business. The owner is personally responsible for all business debts and losses, and is known as the sole proprietor. Best for petty traders.

PARTNERSHIP:

A partnership is a business structure where two or more people combine their resources to form a business and share in its profits and losses, shared ownership and responsibilities. It is good for petty traders.



PRIVATE LIMITED COMPANY (LTD)

Formal structure. Company is its own person, needs shareholders governed by the article of associations. (Easier access to funding, recommended if you want to grow your business).

STEP 2: NAME SEARCH - RESERVE YOUR BUSINESS NAME

Done at the Business Facilitation and Corporate Affairs (BFCA) - NIB

Submit 2-3 name options

1. Cost: Free

2. Time: On the spot

3. Example names:

"Freetown General Trading"

"Kabba Ventures"

"Aminata Enterprise"

STEP 3: REGISTER YOUR BUSINESS (CORE STEP)

Example A:

Sole Proprietorship

Register at the Business Facilitation and Corporate Affairs at NIB

If you are a sole trader or a partnership, you will get a TIN number assigned when you register your business at NIB. For limited companies (with shareholders) you need to visit the NRA to get a TIN, tax clearance certificate and also register for tax compliance.

Time: 1 day

Example B:

Limited Company (Recommended)

Register with Business Facilitation and Corporate Affairs at NIB

- o *Complete form AA,*
- o *3 copies of Memorandum and Articles of Association.*
- o *Proof of identification (passports/national ID) for directors and shareholders*
- o *Complete a Directors Form*
- o *Complete Declaration of Compliance Form*
- o *Complete Secretary Form*
- o *Notices.*

you will receive:

- *Certificate of incorporation & Business Registration Certificate*
- *Visit the NRA to get a TIN, tax clearance certificate and also register for tax compliance.*

Time: 1 day

Cost : Government fee: 250 Nle

STEP 4: GET A MUNICIPAL LICENSE (LOCAL COUNCIL)

From your local council (e.g., Freetown City Council)

- Cost depends on your business size

STEP 5: TAX REGISTRATION (NRA)

Register with the National Revenue Authority

- Cost: FREE
- Required for:
 - *Opening a business bank account*
 - *Paying taxes*
 - *Supplying to companies*
 - *Issuing invoices*

STEP 6: SOCIAL SECURITY REGISTRATION (NASSIT)

Registers employers and employees into the National Social Security Scheme

- Cost: FREE

STEP 7: BUSINESS BANK ACCOUNT

- Separate personal money from business finances
- Requirements may vary depending on the bank.

HOW IT ALL CONNECTS

- NIB: Registers your business
- Local Council: Licenses your operations
- NRA: Handles taxes (TIN)
- NASSIT: Social security
- Bank: Manages your money



RISKS OF NOT LEGALISING

- Business fines then closure upon failure to comply
- No access to loans or contracts
- No legal protection
- No pension or worker benefits.

BENEFITS OF LEGALISING

- Legal and recognized business, separates your personal assets from the business
- Access to finance and growth opportunities
- Ability to win contracts
- Protection for you and your employees.

TIPS FOR SUCCESS

- Start early—don't wait until problems arise
- Keep simple records of income and expenses
- Always renew licences and pay taxes on time
- Ask questions at each institution if unsure.

Registering and legalizing your business is the first step to formalization, growth, stability, and success.

NATIONAL INVESTMENT BOARD (NIB)

What is the NIB?

NIB is the central government agency for business registration and investment support. NIB is the main place you go to start and formalize a business.

KEY FUNCTIONS

- Register businesses (sole proprietorships, partnerships, companies)
 - Issue certificates of incorporation & business registration
 - Provide business guidance and support
 - Facilitate investment and growth opportunities.
-

WHY IT MATTERS

- Gives your business legal identity and shifts liabilities from the individual.

BUSINESS REGISTRATION PROCESS

- First you search and reserve a business name
- Register your business (sole proprietorship, partnership, company, NGO, etc.)
- Obtain registration certificates
- Typical processing time: about 1 working day.

NIB MERGED SEVERAL KEY INSTITUTIONS, INCLUDING:

- o Sierra Leone Investment and Export Promotion Agency (SLIEPA)
- o Corporate Affairs Commission
- o Public-Private Partnership (PPP) Unit
- o Business Registration Unit:

“Business registration is like getting a birth certificate for your company—it gives it a name and makes it officially recognized. Once registered, the business becomes its own entity, separate from the owner. It can run, grow, and even outlive its owner, as long as it continues to follow the law.”

NIB Contacts

Telephone: +23273952144

Email: info@nib.gov.sl

Website; www.nib.gov.sl

Address: 3 Jomo Kenyatta Road, Freetown.

NATIONAL REVENUE AUTHORITY (NRA)

WHAT IS THE NRA?

The National Revenue Authority (NRA) is the government agency responsible for tax administration and revenue collection in Sierra Leone.

It ensures your business is tax-registered and compliant.

Why the NRA matters for small businesses

- It ensures businesses pay the correct taxes
- It provides Tax Identification Numbers (TINs)
- It is a key requirement for legal and formal business operations

You cannot fully legalise and formalise your business without registering with the NRA.

WHAT IS A TIN?

A unique tax identification number issued to your business.

Why it is important

You need a TIN to:

- Open a business bank account
- Apply for licences and permits
- Bid for contracts
- File and pay taxes.

A TIN is a mandatory step in legalization and formalization of a business.

CORE FUNCTIONS OF THE NRA

- Register taxpayers
 - Collect taxes (income tax, GST, payroll taxes)
 - Maintain tax records
 - Enforce compliance and apply penalties.
-

TAX REGISTRATION

- Registers individuals and businesses for taxation
- Issues TINs.

TAX COLLECTION

- Collects various types of taxes, including:
 - Income tax
 - Goods and Services Tax (GST)
 - Payroll taxes.
-

TYPES OF TAXES RELEVANT TO SMALL BUSINESSES

Income tax

- Paid on business profits

Goods and Services Tax (GST)

- Charged on goods and services (if your business meets the threshold).

Payroll taxes

- Applicable if you have employees

Not all taxes apply to every business—this depends on size and activity.

ROLE IN BUSINESS FORMALIZATION

The NRA supports formalisation by:

- Giving your business a tax identity (TIN)
 - Ensuring compliance with national tax laws
 - Providing proof of tax registration required by:
 - Banks
 - Government agencies
 - Investors
-

Tax registration is a core pillar of operating legally.

As a registered business, you are expected to:

- File tax returns (monthly or annually, depending on the tax type)
- Pay taxes on time
- Keep financial records.

Benefits of tax compliance for small businesses

- Ability to access loans and financing
- Eligibility for government contracts
- Increased credibility and trust
- Avoidance of fines and legal issues
- Contribution to national development.

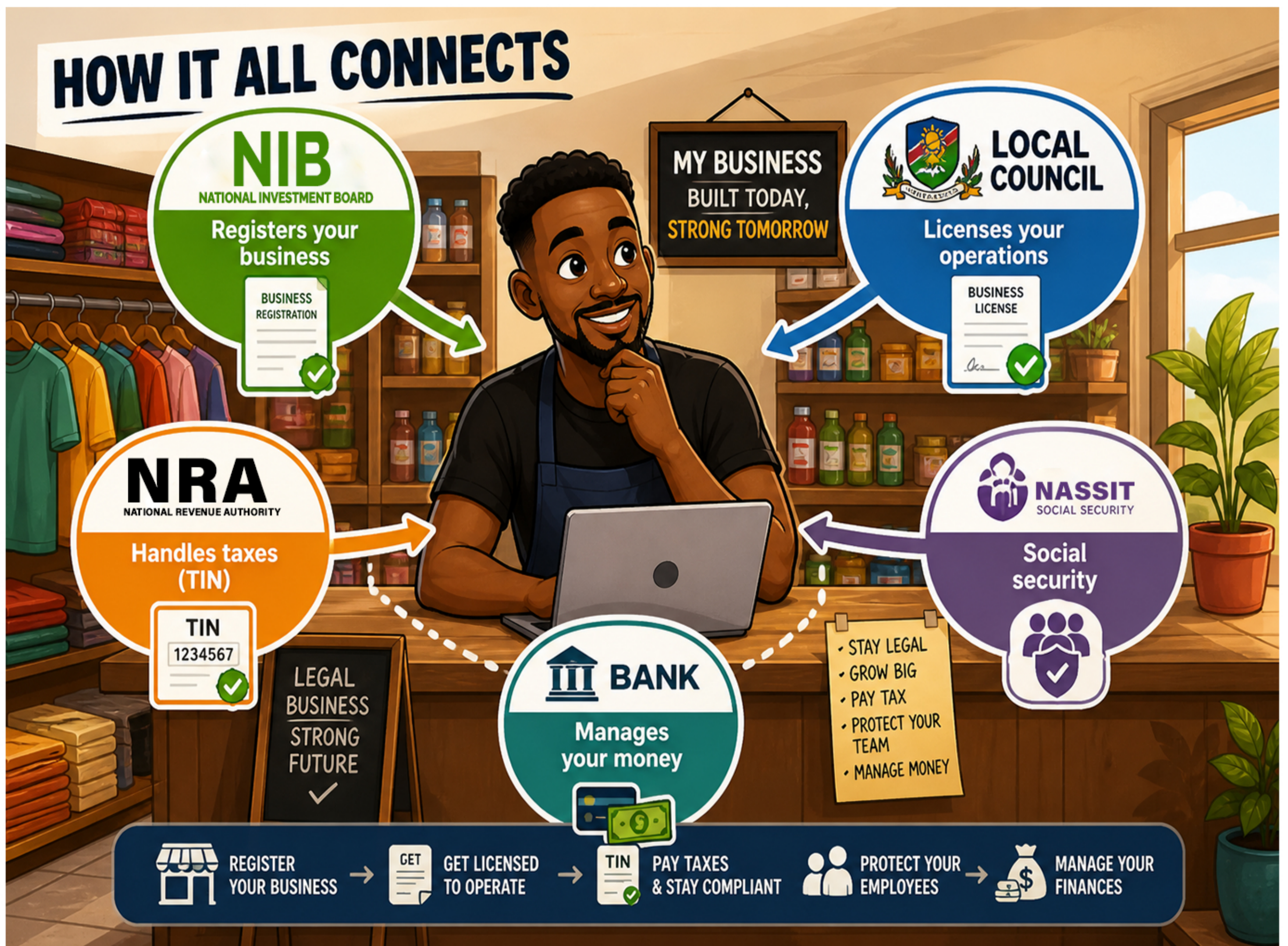
Being tax-compliant strengthens your business reputation

The NRA may provide simplified tax systems for small or micro businesses, these are designed to:

- o Reduce complexity
- o Lower compliance burden

Ask the NRA about small business tax options when registering.

File and pay taxes on time. Paying taxes is not just a duty, it helps your business grow, access opportunities, and stay protected.



MUNICIPAL LICENSING AND LOCAL COUNCIL COMPLIANCE

Local councils operate under the Local Government Act 2004 and regulate business activities within their jurisdictions.

Key functions

- Issue business licences and permits
- Collect local taxes and fees
- Enforce health, safety, and sanitation standards
- Approve business locations (zoning).

Authority to issue business licences

- Local councils have the power to issue business licences and permits within their areas
- These licences are required for many small businesses (e.g., shops, restaurants, traders, services).

Even after national registration (at NIB), you still need a local council license to operate in the city.

Revenue collection (fees and taxes)

Councils are legally allowed to collect revenue through licenses, fees, and local taxes

This includes:

- o Business operating licenses
- o Market dues
- o Trading permits
- o Property rates (if applicable).

Know the fees you need to pay when starting your business and plan/budget for these fees and be compliant.

Regulation and enforcement

- Local councils monitor and enforce compliance with local business regulations.

Operating without a council licence can lead to fines, penalties, or closure.

TIPS

- Local councils are your primary authority at the community level
- They license, regulate, and monitor your day-to-day business operations
- You cannot fully legalise your business without engaging your local council.

THE NATIONAL SOCIAL SECURITY AND INSURANCE TRUST (NASSIT)

The National Social Security and Insurance Trust (NASSIT) is the government agency responsible for managing Sierra Leone's national pension and social security scheme. In simple terms: NASSIT ensures workers and business owners have financial protection for the future.

WHY NASSIT MATTERS FOR SMALL BUSINESSES

- It is legally required for employers to register their employees with NASSIT
- Even businesses with just one employee must comply.
- NASSIT registration is a key step in making your business fully legal and compliant.
- Provides financial protection
- It helps secure the future income of both business owners and workers.

KEY FUNCTIONS OF NASSIT

Registration

Registers employers and employees into the national scheme;

For Employees: A person registering for the first time as an employee should complete the Employee Registration (SS1A) form and submit it to the nearest NASSIT Office.

For Employers: complete and submit the SS2A form together with a business registration certificate and a certificate of commencement.

For Self Employed: Complete the SS3A form and submit to the nearest NASSIT Office, If the self-employed member has employees, he should also register as an employer and secure an ER number (obtained by completing form SS2A), which the company must use in all transactions with NASSIT.

Contribution collection

Collects social security contributions from businesses and workers. For employees, monthly contribution is based on the basic salary of the member, while for the self-employed members, contribution is based on the declared earnings of the member.

Standard contribution:

- o Employer: 10%
- o Employee: 5%.

Record keeping

Maintains records of contributions and earnings.

Compliance & enforcement

- Conducts inspections to ensure businesses are complying
- Can apply penalties for non-compliance.

PAYMENT OF BENEFITS

NASSIT PAYS:

Old-age pensions/retirement benefit: paid to a member who can no longer work due to old age.

Invalidity benefits: paid when the member becomes permanently and totally incapable of further employment.

Survivor benefits: paid to the beneficiaries of a deceased member. i.e dependent children registered on form SS1A and dependent Spouse. In the absence of primary beneficiaries, the dependent parents shall be entitled to the benefit.

Coverage of small and informal businesses

NASSIT is:

- o Mandatory for formal sector workers
- o Voluntary for self-employed and informal workers (currently)
 - Self-employed people (including small business owners) can register individually.
 - This allows entrepreneurs to secure their own future income, not just their employees!

BENEFITS FOR BUSINESS OWNERS AND EMPLOYEES

- Access to retirement income (pension)
- Financial protection in case of:
 - o Disability
 - o Death (family support)
- Increased worker security and trust
- Helps businesses attract and retain employees.

NASSIT CONTACT

Head Office

32 Walpole Street, Freetown

Telephone : +232 225365/223814

Email: publicaffairs@nassit.org.sl

Website: www.nassit.org.sl

Regional Office, North

8 Makama Road, Makeni

Tel: 23233619044

Email: northregion@nassit.org.sl

Regional Office, South

2 Lyon Street, Bo

Tel: 032320260/293

Email: southregion@nassit.org.sl

BUSINESS BANK ACCOUNT



BUSINESS BANK ACCOUNT

Why a business bank account matters

Opening a business bank account is a key step in making your business formal and credible.

- Separates personal money from business finances
- Helps track income, expenses, and profits clearly
- Builds trust with customers, suppliers, and partners.

Often required for:

- o Loans
- o Contracts
- o Government payments
- Many institutions will not deal with businesses that don't have a bank account.

Payment systems

- Enable businesses to:
 - o *Receive payments (transfers, mobile money integration)*
 - o *Pay suppliers and staff securely.*

Access to finance

- Offers:
 - o *Business loans*
 - o *Overdrafts*
 - o *Savings accounts.*

Banks often require:

- o Business registration documents
- o Financial history
- Without a bank account, it is very difficult to access funding.

Bank account opening requirements may vary slightly by bank, but typically include:

- Business registration certificate (NIB)
- TIN (NRA)
- Local council licence
- Valid ID and proof of address
- Company documents (if applicable).

In details

Business documents include:

- Certificate of business registration (e.g., from National Investment Board)
- Memorandum & Articles of Association (for companies)
- Business licence (from local council).

Identification

- Valid ID (national ID, passport, or driver's licence)
- Passport-sized photos
- Proof of address
- Utility bill or address confirmation.

For companies

- List of directors
- Board resolution authorising account opening.

Types of business bank accounts

- **Current account:** For daily transactions
- **Savings account:** For saving funds and earning interest
- **Foreign currency account:** For international transactions

Most small businesses start with a current account.

Common banks in Sierra Leone

There are several banks to choose from, you can choose a bank based on:

- Fees
- Accessibility
- Digital services.

Challenges small businesses may face

- Minimum balance requirements
- Account maintenance fees
- Documentation requirements.

However, many banks are introducing SME-friendly and low-cost accounts

Practical steps for first-time Business bank account holders

To open a business account:

1. Register your business
2. Obtain your TIN
3. Obtain a local council licence
4. Prepare required documents
5. Visit a bank and complete application.

Tips:

- Start early—don't wait until you need a loan
- Keep records of all transactions
- Avoid mixing personal and business money.

GENERAL TIPS

To succeed as a small business owner in Sierra Leone, legalize and formalize:

To legalize your enterprise visit:

- NIB- gives your business legal identity
- Local Councils-allow you to operate locally
- NRA-ensures tax compliance
- NASSIT-provides social security
- Banks - enable financial transactions and growth.

To formalize your enterprise, Legalise and follow the following best practices among others:

1. Incorporate decent work practices
2. Keep records of your business transactions
3. Comply with health and safety rules
4. Join a business or Industry association and the Chamber of Commerce
5. Grow your business by enhancing your business skills and acumen through business accelerators & incubators.
6. Access business loans from a bank or Microfinance institution.

Risks of not legalizing and formalising

- Fines or closure by authorities
- Limited or no access to loans or contracts
- Lack of legal protection for your business
- No social security coverage in old age
- High chance for your business to fail.

Benefits of registering and legalising Your Business

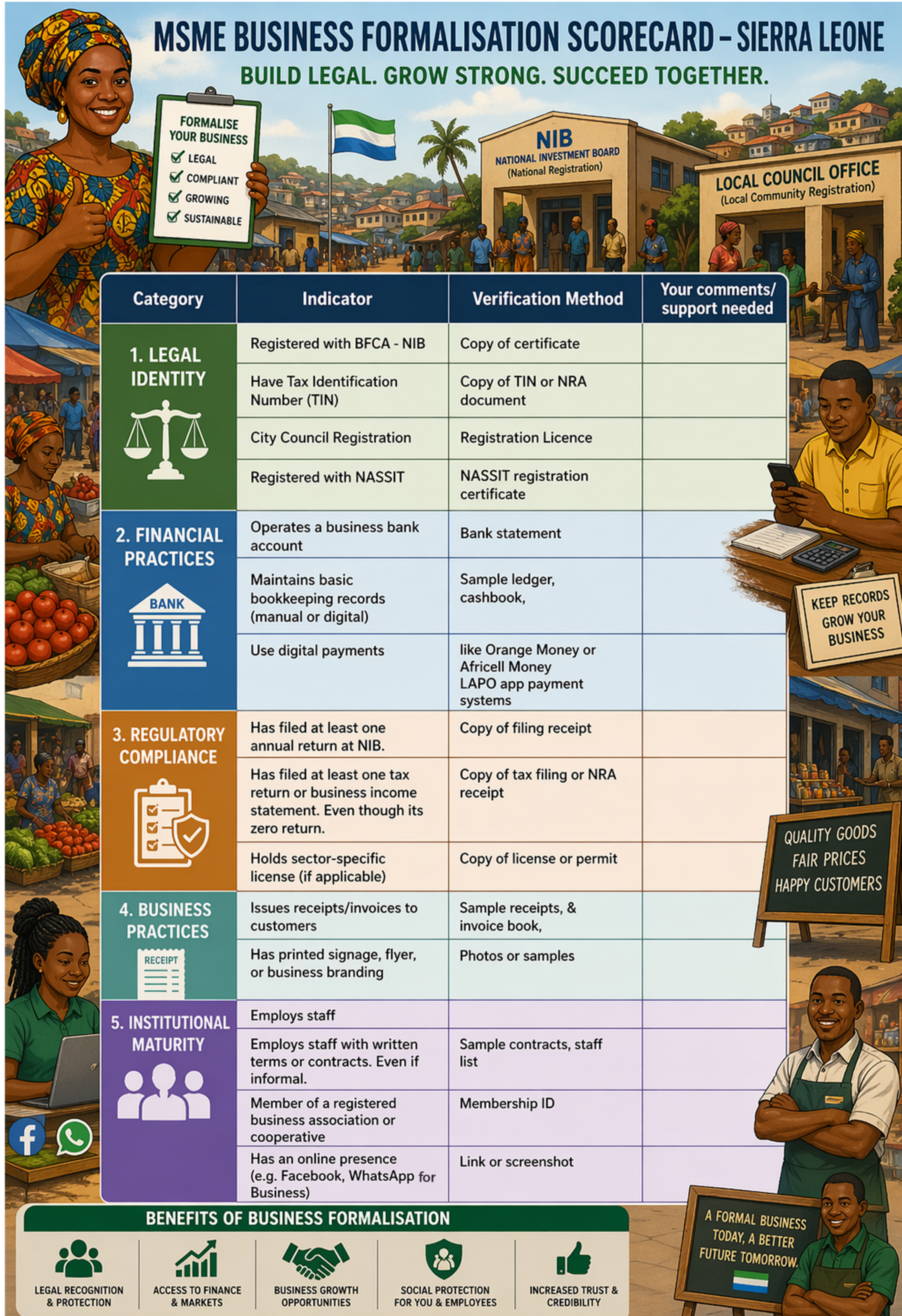
- Legal recognition of your business
- Enhanced access to finance and markets
- Business growth opportunities
- Social protection for you and the employees
- Increased trust and credibility by customers, suppliers & government
- High chance for your business to succeed.






Business formalization is a journey; start, and keep growing.

1. Keep records
2. Visit the Ministry of Trade and Industry or local councils to understand all the licences and permits your business needs. e.g health and safety permit, food handling, local content etc.
3. Sharpen your business skills. Access a business accelerator or SMEDA. Attend training from business academies.
4. Reinvest profits
5. Track sales (even in a notebook)
6. Use the scorecard below to track your formalization progress.

MSME BUSINESS FORMALISATION SCORECARD – SIERRA LEONE

BUILD LEGAL. GROW STRONG. SUCCEED TOGETHER.



Category	Indicator	Verification Method	Your comments/support needed
1. LEGAL IDENTITY 	Registered with BFCA - NIB	Copy of certificate	
	Have Tax Identification Number (TIN)	Copy of TIN or NRA document	
	City Council Registration	Registration Licence	
	Registered with NASSIT	NASSIT registration certificate	
2. FINANCIAL PRACTICES 	Operates a business bank account	Bank statement	
	Maintains basic bookkeeping records (manual or digital)	Sample ledger, cashbook,	
	Use digital payments	like Orange Money or Africell Money LAPO app payment systems	
3. REGULATORY COMPLIANCE 	Has filed at least one annual return at NIB.	Copy of filing receipt	
	Has filed at least one tax return or business income statement. Even though its zero return.	Copy of tax filing or NRA receipt	
	Holds sector-specific license (if applicable)	Copy of license or permit	
4. BUSINESS PRACTICES 	Issues receipts/invoices to customers	Sample receipts, & invoice book,	
	Has printed signage, flyer, or business branding	Photos or samples	
5. INSTITUTIONAL MATURITY 	Employs staff		
	Employs staff with written terms or contracts. Even if informal.	Sample contracts, staff list	
	Member of a registered business association or cooperative	Membership ID	
	Has an online presence (e.g. Facebook, WhatsApp for Business)	Link or screenshot	

BENEFITS OF BUSINESS FORMALISATION

-  LEGAL RECOGNITION & PROTECTION
-  ACCESS TO FINANCE & MARKETS
-  BUSINESS GROWTH OPPORTUNITIES
-  SOCIAL PROTECTION FOR YOU & EMPLOYEES
-  INCREASED TRUST & CREDIBILITY

Formalising your business is the foundation for growth, and long-term success.

SUMMARY: FORMALIZATION AND DECENT WORK

1. MEANING OF BUSINESS FORMALIZATION

Business formalization goes beyond simply registering a business. It includes complying with all legal and regulatory requirements, such as obtaining licenses, paying taxes, and ensuring employee welfare. It is an ongoing process that continues throughout the life of the business, not a one-time activity.

2. INFORMAL BUSINESSES

Informal businesses are those that operate without complying with some or most legal requirements, even if their activities are legal. These businesses are encouraged to formalize to improve their operations and opportunities.

3. KEY STEPS IN FORMALIZATION

Formalization involves:

- Registering the business with relevant authorities
- Completing legal requirements (licenses, tax registration, social security for employees)
- Continuously complying with laws and regulatory updates
- Applying sound principles of decent work, business growth, and sustainability within your business operations.

4. BENEFITS OF FORMALIZATION

Formalizing a business provides several advantages:

- Access to public contracts and larger business opportunities
- Easier access to bank services and financing
- Ability to invest and operate credibly in the business name
- Access to social security and government support
- Improved employee motivation and productivity
- Contribution to national development and public services.

5. DECENT WORK CONCEPT

Decent work refers to productive employment that offers fair income, job security, social protection, and opportunities for growth. Formalization supports decent work by improving working conditions for both business owners and employees.

6. HOW DECENT WORK BENEFITS BUSINESSES

HERE'S HOW:

Employee stability: When you employ someone and provide them with a written record of their duties, salary and working hours, they have more certainty about their job and income. This prevents employees from moving in and out of your business at a rate that could make it vulnerable to your competitors.

High motivation and productivity: When you enforce labour, social security and occupational health and safety regulations, you contribute to the well-being of your workers and increase their motivation. This way the business gets the best out of its employees.

Guaranteed peace of mind and continuity: When you remain committed to these formal aspects of your business, you avoid conflicts with employees and reduce the risk of losing time and resources due to conflicts or even the risk of running into difficulties with the inspectors. Your business will be able to operate with serenity. Formalization provides numerous advantages for your business and employees. You should, nevertheless, bear in mind that your company will have to face some expenses.

7. CHALLENGES OF FORMALIZATION

Common challenges include:

- Lack of information about benefits and procedures
- Perceived complexity of registration processes
- Missing documents
- Costs of taxes and compliance
- Low business income
- Distance from registration centers.

8. KEY TAKEAWAY

Formalization is essential for business growth, legal protection, and improved working conditions. Although it comes with challenges, these can be overcome, and the long-term benefits outweigh the costs.

Every step connects to build a strong and legal business.



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