

Digital Incorporation of Companies in Kenya

The incorporation of companies in Kenya has gone through impressive changes in recent times. In the past, the process of registration of companies started with a name search to find the availability of a name for registration which could be done at the Registrar's office only and took at least three days for the search results to be ready. This function was briefly moved to Huduma centres which proved to be a hit with the persons seeking the service since the results were instant. However, the Huduma centres experienced challenges arising from frequent delays caused by unreliable real-time connectivity between Huduma Centre and the Registrar, whose office remained responsible for the actual reservation of names.

Another difference from the past was the requirement to pay stamp duty prior to incorporation of a company, which was assessed depending on the value of the authorised share capital of a company. An assessor assessed the stamp duty payable by each company after which the company memorandum and articles of association had to be franked as evidence of stamp duty payment. This process would on average take a week or more. Thereafter, the applicant paid registration fees, lodged the company documents and waited for the Certificate of Incorporation from the Registrar. It could take an indeterminate time for the applicant to get the certificate since the Registrar had to sign each incorporation certificate and at times unexpected challenges such as printer break down would adversely affect the process.



However, from the start of 2017, the whole registration process was moved online onto the Attorney general's portal available at <https://ecitizen.go.ke/>. In order to use the portal an applicant needs to create an e-citizen account to access. After logging in, the website opens up to a menu of services of various government departments.

To do a name search and reservation:

1. Click on the office of the Attorney General's tab, and then click on "make application" then on "name search". The tab gives a guide on searchable names.
2. Click the "apply now" button then fill in the details of the search being done.
3. Click on the "continue" tab. This leads you to the payment page where you are to pay Kshs. 150 through either Mpesa, Debit/prepaid/credit card, Equitel, e-agent or cash.
4. After payment, click on "complete payment" which will lead you to a downloadable invoice with the advice that the invoice has been paid.

The name search and reservation takes about a day and a half on average after which the system notifies you of the results through a text message to the phone number you have provided in the application. If the application is successful, you may proceed to apply for registration of the company. To do this, you need KRA PIN certificate(s)

of the director(s) in pdf or jpeg format, recent coloured passport photo(s) of the director(s) in pdf or jpeg format and the registration fee of Ksh. 10,650. To make the application:

1. Click on the “make application” button at the top of the page.
2. Validate the name search by entering the name search details.
3. Fill in the details of the company, details of the directors, the objectives of the company and the shareholding structure in the provided data boxes. After that review the application then click on submit.
4. The final stage is payment of the registration fee through a process that is similar to the payment method in respect of name searches described above.

After payment, the system automatically generates the application form (CR1), Memorandum of Association (CR2), Notice of Residential address of the Directors (CR8) and the statement of Nominal Capital, which the applicant is required to print, sign, scan in pdf or jpeg format then upload onto the website for the final submission. If satisfied that the information given on the forms is correct and tallies, the Registrar issues a Certificate of incorporation and an official search through the same platform. With the adoption of this digital system, the Registrar does not issue a hard copy of a certificate of incorporation.

