

FILING OF ANNUAL RETURNS

- Do you operate a business registered with the Corporate Affairs Commission (CAC) of Nigeria?
- Have you filed an Annual Return for your enterprise, limited company or NGO?

Let me share with you a short story.

Recently a client requested a post incorporation service - change of directors. We discovered that the company was in arrears of Annual Returns for nine years...you heard right, 9 years!

The cost of bringing that company's returns up to date including penalties was humongous. The client was devastated. It almost cost that company a good business deal he was about to venture.

The client admitted that for that entire period of time he never heard of an annual return filing with the CAC.

That is the story of many business owners.

What then is an Annual Return?

By the provisions of Section 417 of the Companies and Allied Matters Act 2020 (CAMA), filing of annual returns is a mandatory requirement every enterprise, private limited company, public limited company or incorporated trustees in Nigeria must carry out once in a year.

This is achieved by preparing and delivering to the Corporate Affairs Commission (CAC) a return in the prescribed form containing specified matters relating to the business in accordance to the provisions of the CAMA.

An important purpose for filing an annual return is to bring to the CAC's attention that the company was still active and engaging in business operations.

When should it be filed?

An annual return must be filed annually. New companies may not file its return within the first eighteen months (18) months of its incorporation. Older companies must file its annual return no later than 42 days after its Annual General Meeting.

Consequences of Non Compliance

The consequences of non compliance are dire. It may include payment of default penalties and fees imposed on the company and every director and officer of the company.

As seen at the beginning of this post, defaulting companies would be unable to perform any post-incorporation filing at the CAC.

Lastly, the CAC may treat such defaulting companies as defunct and delisted them from the register of company. In essence, you may lose your business identity.

The requirement for annual returns is globally entrenched in many National Company Laws.

So, wherever your business is located please check relevant laws to ensure you are not in default.

For business continuity and sustainability ensure your annual returns are up to date.

Feel free to leave a comment!

We hope you found this helpful? If you need professional assistance in this regard, you may reach out to us on +2349019995610 or send an email to info@sebassociates.com