



# **AN INSTRUCTIVE GUIDE TO BUSINESS ORGANISATIONS ON FILING ANNUAL RETURNS IN NIGERIA**



## Introduction

On 31st of July 2023, the Corporate Affairs Commission issued a public notice informing the public that the Corporate Affairs Commission (CAC) has commenced the process of striking off companies that have not complied with the provisions of the **Companies and Allied Matters Act 2020** on filing annual returns.<sup>1</sup> The names of the companies to be struck off have been published on the Commission's website, and companies that fail to comply by filing their annual returns within 90 days of publication on the Commission's website shall be struck off from the Register<sup>2</sup>.

It is a mandatory requirement under the Companies and Allied Matters Act 2020 for business names, companies, limited partnerships, limited liability partnerships, and incorporated trustees to file annual returns.<sup>3</sup> The successful completion of the registration procedure of any of these entities does not mark the end of the activities required by law to be undertaken.

Therefore, the management of various business organizations to understand the importance of filing annual returns, the timeline, and the implications of failing to comply with the provisions of the law with respect to filing annual returns.

This article delves into the underlying reasons that make filing annual returns obligatory and why it should never be regarded as an optional chore for businesses. We will explore the implications of non-compliance, shed light on the multifaceted advantages of annual return submissions, and discuss how this seemingly mundane task shapes the corporate ecosystem at large.

## Importance of Filing Annual Returns

It is required that in each calendar year, returns must be filed<sup>4</sup>. All business entities that exist under the Companies and Allied Matters Act 2020 are mandated to fulfill this statutory prerequisite. Some of the importance of filing annual returns are highlighted below:

1. It helps in driving transparency and accountability and safeguarding the interests of various stakeholders. A compliant company will also earn an investor's confidence during due diligence investigations.
2. The filing of annual returns stands as a cornerstone in upholding the integrity of businesses and fostering a robust economic environment.
3. By filing annual returns, companies are granted access to process post-incorporation services on the Commission's website without delay. Such services include change of directors, change of shareholders, and change of objects, amongst others.
4. As an essential responsibility imposed upon corporations and entities, the mandatoriness of filing annual returns is not merely a bureaucratic formality but a fundamental measure ensuring the health and credibility of the corporate landscape.
5. Filing of annual returns aids the CAC in verifying the ongoing business status of a company, leading to the assignment of either an "active" or "inactive" status. Recently, checking the CAC website to ascertain a company's active or inactive status has become a crucial step for embassies in evaluating and granting visa applications from individuals affiliated with or sponsored by these companies.

<sup>1</sup> <https://www.cac.gov.ng/public-notice-commencement-of-striking-off-companies-from-the-register/> (Last accessed 28th August 2023)

<sup>2</sup> [strike-off-list-BATCH-01-JULY-2023-Updated-29-08-23.pdf](#) (cac.gov.ng) (Last accessed 6th September 2023)

<sup>3</sup> Section 417-418 of the Companies and Allied Matters Act, 2020

<sup>4</sup> Section 370-378 of the Act

## Timeline for Filing Annual Returns

Newly incorporated companies do not need to file returns for the first 18 months after incorporation; however, older companies must remit their annual returns to the Commission not later than 42 days after their annual general meeting.<sup>5</sup>

Limited Liability Partnerships (LLPs) and Limited Partnerships (LPs) are mandated to file their annual returns within 60 days of the closure of the financial year.

Business names must file their annual returns by no later than June 30th each year, except for the year of their registration.<sup>6</sup>

Incorporated trustees, on the other hand, are obligated to file their annual returns between June 30th and December 31st each year.<sup>7</sup>

## CAC Forms and Documents Required for Filing Annual Returns

Filing of Annual Returns is now conducted online via the CAC Post Incorporation portal. The forms listed below are online forms that are required to be completed;

1. Form CAC 19: Annual Return for Companies<sup>8</sup>
2. Form CAC/IT 4: Annual Return for Incorporated Trustees<sup>9</sup>
3. Form CAC/BN/6: Annual Return for Business Names<sup>10</sup>

It is required that certain documents are annexed to the documents mentioned above while filing. These documents, as provided by the Act, are :<sup>11</sup>

1. A certified true copy of every balance sheet and profit and loss account presented to the company during the relevant year's general meeting. This copy must bear certification from both a director and the company's secretary, and it should also include any documents mandated by legal requirements to be appended to the balance sheet. Single-member<sup>12</sup> companies are exempt from this requirement.
2. Similarly certified copies of the auditors' report and the directors' report accompanying each balance sheet.
3. Additionally, any other documents providing evidence of the payment of all applicable fees or dues may also be included as annexes.

<sup>5</sup> Section 421 of the Act

<sup>6</sup> Section 822 of the Act

<sup>7</sup> Section 848 of the Act

<sup>8</sup> Annual-return-of-companies.pdf (cac.gov.ng) (Last accessed on 6th September 2023)

<sup>9</sup> Annual-return-of-Incorporated-Trustees.pdf (cac.gov.ng) (Last accessed on 6th September 2023)

<sup>10</sup> Annual-return-of-Business-Name.pdf (cac.gov.ng) (Last accessed on 6th September 2023)

<sup>11</sup> Section 422 of the Act

<sup>12</sup> Section 421(2) of the Act

## Consequences of Non-Compliance

Non-compliance with the mandatory filing of annual returns can lead to various consequences, ranging from legal penalties to reputational damage.

The legal penalties for failure to file annual returns by entities mandated by the Act to do so are prescribed in Section 425 of the CAMA 2020. It stipulates that the company and every director or officer of the company are liable to a penalty as may be prescribed by the Commission.

The Act also stipulates that the failure to file annual returns for a consecutive period of 10 years can lead to the removal of a company's name from the companies' register<sup>13</sup>. This failure to file annual returns serves as an indication that the company is not actively operating, thus providing a legitimate reason for the company's deregistration.

## What should be done when a company is delisted/struck off?

When a company is delisted/struck off due to its failure to file annual returns, it has the option to petition the court for an order to reinstate the company on the register. This petition can be made at any time within 20 years from the date of the removal notice, provided the court is convinced that, at the time of the delisting, the company was either conducting business or operating in some capacity or if it is otherwise justifiable to restore the company to the register.

This formal request can also be submitted in the form of a letter directed to the Registrar General (RG) of the CAC, explaining and appealing the reasons for the delay in filing the annual return.

Furthermore, along with the written application, all outstanding dues (comprising the total fees for the years in which annual returns were not filed) and updated records for the company or entity must be included.

If the application is approved, the company will receive a relisting certificate.

## Conclusion

By meeting the obligation of mandatory filing of annual returns, companies not only fulfill their legal responsibilities but also safeguard their reputation, maintain transparency, and demonstrate their commitment to good corporate governance practices.

Non-compliance may disqualify a company from participating in such opportunities, limiting its growth prospects

<sup>13</sup> Section 425(3) of the Act



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