

NEWSLETTER

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CORPORATE AFFAIRS COMMISSION TO COMMENCE FULL APPLICATION OF PENALTIES FOR FAILURE TO FILE ANNUAL RETURNS BY COMPANIES

The Corporate Affairs Commission (CAC) has recently issued a public notice that serves as a timely reminder to all companies operating in Nigeria about the importance of filing annual returns and the consequences of non-compliance, clearly stipulating the penalties for failure to file annual returns by companies and the subsequent recovery of penalties against company directors and officers. Under the Companies and Allied Matters Act 2020 (CAMA), it is mandatory for companies to file annual returns with the Commission each year with the exemption of Companies with one member.

Earlier this year the Commission had by a notice released on 31st of July 2023, announced the commencement of striking off companies from the Companies Register by publishing a list of some of the defaulting Companies. This action was based on the provisions of Section 692(3) of CAMA 2020, which empowers the Commission to delete registered companies from its database if they fail to file annual returns for a consecutive period of 10 years. To rectify this, the affected companies were given a 90-day window from the date of the publication of the list to promptly file their annual returns for the defaulting years.

However, there has been widespread non-compliance with this requirement and has prompted the recent notice from the CAC. This notice highlighted that the Companies Regulations 2021 prescribe stiffer penalties for non-compliance than those currently applied by the Commission. To this end, the Commission has announced that from 1st January 2024, it will fully enforce the penalties provided by the Companies Regulations for failure to file annual returns. These penalties will be imposed on both companies and their directors or officers.

Furthermore, the CAC will now take actions against the directors and officers of struck-off companies to recover any outstanding penalties. This highlights that the consequences of non-compliance will extend beyond the company itself in accordance with the provisions of section 425 (1) of CAMA.

Therefore, it is crucial for all defaulting companies, directors, and officers to take advantage of the time between the publication of this notice and 1st January 2024, to promptly file their annual returns with the Commission and rectify their inactive status. It is important to note that the process of restoration, in the event of a strike-off, is complex and requires fulfilling all restoration requirements before resuming business activities. It will also impact the business and management reputation.

ABOUT US

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our client's business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence.



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